

The complaint

Mr H complains that PrePay Technologies Limited blocked his account. His money was held for far too long. He is unhappy with the lack of communication and would like compensation.

What happened

Mr H had an account with Monese. One of PrePay's agents.

Mr H received a credit into his account in September 2021. Monese decided to review the account and blocked it. Monese requested information from Mr H which he provided on 29 September 2021.

Mr H has said that despite numerous attempts to communicate with Monese they failed to respond properly.

Monese completed their review on 24 May 2021 and released Mr H's money. They also closed his account. Mr H hasn't complained about the closure of his account.

Mr H complained to Monese. Mr H was offered £150 for the delays and lack of communication, which he accepted. Because he remained unhappy Mr H complained to our service

One of our investigators said the review took too long and the communication was poor. He thought Monese should pay Mr H an additional £100 for the poor communication and interest of 8% from 13 October 2021 to 24 May 2022 for the loss of use of his funds.

Mr H agreed. Prepay didn't. As there was no agreement the matter has come to me to decide.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'll start by setting out some context for the review of Mr H's account. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations. I am satisfied Monese were complying with these obligations when they reviewed Mr H's account. The account terms also allow Monese to review accounts and temporarily restrict them.

In Mr H's case, I'm satisfied that Monese was acting in line with its legal and regulatory requirements when it reviewed Mr H's account. The account was recently opened and had received a large payment of £1,000. In the circumstances, I don't find it surprising that Monese wanted more information about the source of the funds.

Mr H was very prompt with providing Monese with the information they required.

Having looked at the time Monese took to review the account. I can see that there were delays in carrying out the review. Monese have agreed that there were delays and have offered Mr H £150 in compensation. The investigator has said that Monese could have carried out the review within 14 days, especially as they had requested information from Mr H which he had provided, and they didn't ask for anything else. This makes me think Monese had all they needed to review Mr H's account and the source of the payment in September 2021.

I have seen the communications between Mr H and Monese in particular Mr H's messages on the chat. Mr H was originally told that the review would take 7 days. This wasn't the case, but Mr H wasn't kept informed about the time the review might take. I can see Mr H found this frustrating. Monese's support team weren't able to help, and the compliance team didn't get back to him.

As I've said Monese have acknowledged this part of the complaint and offered Mr H £150 compensation. Although Mr H accepted the payment, he later thought it wasn't enough and told Monese. Monese rightly informed Mr H of his right to come to our service.

Monese have suggested that Mr H agreed to the £150 and shouldn't be awarded further compensation. Looking at the correspondence I am satisfied that Monese didn't say the offer was in full and final settlement of the complaint. And as the funds were still blocked there were elements of the complaint that hadn't been resolved to Mr H's satisfaction. Monese had the opportunity to let Mr H know the offer was in full and final settlement, but they didn't. So, looking at this as a whole I don't think Mr H is prevented from requesting more compensation or that this service is prevented from awarding more compensation in this situation.

In summary looking at the evidence I'm satisfied that Monese could have completed its review much sooner and released Mr H's funds. Because of this Monese should pay Mr H 8% interest for the time it caused the delay in the review and Mr H was unfairly deprived of his funds.

I have reviewed the impact Monese's actions had on Mr H, and I am aware that Mr H has already received £150 in compensation for the inconvenience caused to him and the lack of information about what was happening in his account. This review went on for eight months and it isn't clear to me that Monese was actively investigating for most of that period, indeed they didn't ask any further information from Mr H which leads me to think they had all the information they needed in September when Mr H provided them with his payslip. The delay of at least 6 months and the lack of information and updates caused Mr H a great deal of distress. Looking at our approach to compensation on this type of situation I think an extra £100, making a total of £250 compensation, more accurately reflects the sort of compensation we award in these cases. I haven't seen anything to make me change that view so I am awarding Mr H an extra £100 for the inconvenience he was caused.

My final decision

I uphold this complaint. To put things right I direct Prepay Technologies Limited pay Mr H:

- An extra £100 compensation for the distress and inconvenience caused him. Making a total of £250 compensation.
- 8% interest on the balance in his account from 13 October 2021 to 4 May 2022.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 30 August 2023.

Esperanza Fuentes
Ombudsman