

## **The complaint**

Mr F complains Prepaid Financial Services Limited ("PFS"), trading as Swiftoo, blocked his account without explanation and withheld the money in it.

## **What happened**

The background to this complaint is well known to both parties, so I won't set it out in details here. But some of the key details are:

- In February 2022 following an internal review, PFS blocked Mr F's access to his Swiftoo account
- Mr F asked PFS to return his funds as they were made up of his salary. PFS said the funds would need to be recalled by the remitter, his employer. Mr F says his employer couldn't do this as there wasn't enough funds in his account for them to process a recall in this way
- Mr F complained to PFS who in response didn't uphold it. PFS said Mr F's account had been closed due to unsatisfactory operations and it could no longer provide him with access to the remaining balance on his account

Unhappy with PFS' actions, Mr F referred his complaint to this service. One of our Investigator's then looked into it. In summary they found:

- PFS hasn't shown Mr F isn't entitled to the funds held in his account. And its placed unreasonable conditions on its return to him
- To put things right, PFS should return the funds to Mr F, pay 8% simple interest on them, and pay him £250 compensation

PFS agreed to return the money in the account to Mr F as long as he provided proof of his address and identity which Mr F did. PFS then returned £1,030.97 to Mr F and said this amount included a £12.50 account service fee for ten months.

There was some confusion around what our Investigator had recommended PFS do to put things right. That is, to pay 8% simple interest and £250 compensation. PFS then agreed to do this, but as it hasn't taken any action for some time, the complaint has now been passed 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.

Having done so, I've decided to uphold this complaint in part. I'll explain why.

Financial businesses, like PFS, in the UK are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out

ongoing monitoring of an existing business relationship. That sometimes means PFS needs to restrict, or in some cases go as far as closing, customers' accounts.

From the information I've seen, I'm satisfied PFS acted in line with its obligations when restricting Mr F's account. I know Mr F, and his representative, would like an explanation. But neither I, nor PFS, are under any obligation to do so.

I would also add that our rules allow us to receive evidence in confidence. We may treat evidence from regulated businesses' as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information PFS has provided is information we consider should be kept confidential.

PFS is entitled to close an account just as a customer may close an account with it. But before PFS closes an account, it must do so in a way, which complies with the terms and conditions of the account.

I've note that PFS gave Mr F 60 days' notice of his account being closed – which is in line with its account conditions say of giving at least two months' notice. Having looked at the information given to me by PFS, I'm satisfied it was entitled to close the account in the way that it has done

Since our Investigator's involvement, PFS have returned Mr F's principal funds along with the account service charges. Having carefully considered PFS' reasons for holding onto Mr F's funds since February 2022, I'm persuaded it didn't act fairly here.

PFS' concerns did not relate directly to the funds held in the account, and from what Mr F says the funds were his wages. PFS should've released this money immediately or carried out due diligence to be satisfied Mr F was entitled to them. PFS did neither.

So as Mr F was unfairly deprived of his funds, PFS should pay him 8% simple interest from when it restricted the account up until the day it sent Mr F the funds back.

Mr F and his representative say this matter caused substantive distress and inconvenience as he was left without funds for day-to-day living costs. So Mr F had to get by borrowing money from friends and family. Given the severe impact this had on him, albeit for a short while, and the embarrassment he likely suffered from having to borrow money, I'm persuaded £250 is fair compensation.

### **Putting things right**

To put things right, PFS should:

- Pay 8% simple interest on the money withheld in Mr F's account in February 2022 until it returned this to him\*
- Pay Mr F £250 compensation for the distress and inconvenience he's suffered

\* If PFS considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr F how much it's taken off. It should also give Mr F a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

For the reasons above, I uphold this complaint in part. Prepaid Financial Services Limited should now put things right as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 25 August 2023.

Ketan Nagla  
**Ombudsman**