

## The complaint

Mr D complains Wirecard Card Solutions Limited, trading as “Pockit”, restricted and closed his account and returned all the money held in it to the source accounts.

To put things right, Mr D wants Pockit to return his funds and pay compensation for the distress and inconvenience it has caused him.

## What happened

Following a review, Pockit restricted Mr D’s account in August 2020. Later, in December 2020, Pockit asked Mr D for proof of entitlement to the funds held in his account. As part of this request for information, Mr D sent Pockit proof of his identity and address.

Mr D gave Pockit some information regards the source of the funds in his account. Pockit were not satisfied with what was given to it, and returned the funds held in the account to source. That is, to the accounts they were sent from in July 2021.

Mr D says the transactions he’s been asked about all relate to the sale of his items through social media and digital platforms. Mr D also says Pockit hasn’t sent the money, as it says it has, to the remitting source accounts.

Unhappy with Pockit’s actions, Mr D complained. Pockit didn’t uphold Mr D’s complaint, and in short said it can restrict customer accounts at any time and withhold funds.

Mr D then referred his complaint to this service. One of our Investigator’s then looked into the matter. Pockit said it returned the funds to the source accounts, but around four of the transactions amounting to about £255 were rejected. Pockit said if Mr D gives it bank statements showing name and bank details, it would process the payments again.

Our Investigator then sent both parties their opinion on Mr D’s complaint. Mr D didn’t agree with what our Investigator said, so they looked into the complaint again. Having done that, our Investigator sent their second view on Mr D’s complaint. In summary, some of their key findings were:

- Pockit have the right to place a block and conduct a review and it’s not obliged to give warning or explanation. Pockit blocked Mr D’s account fairly, and in line with the terms of the account, and with its legal and regulatory obligations
- Pockit should have progressed its review quicker as it blocked the account in August 2020 but didn’t start its review until late December 2020. This is a significant delay
- Mr D sent Pockit information relating to its review in January 2021, but a decision about the information provided wasn’t made until May 2021. And the funds were not returned till September 2021 - and no update from January 2021 was given to Mr D about this
- Pockit didn’t tell Mr D about its review and subsequent block. Despite many

messages from Mr D through August and September 2020, Pockit didn't reply until December 2020. Similarly Pockit took seven months to respond to Mr D after he'd sent it information relating to the money in his account

- Pockit refused to give Mr D copies of his account statements. This is unfair given Mr D was being asked about particular transactions - and a customer shouldn't be denied access to their statements
- Mr D gave further information following our Investigator's first view. Based on this, they were satisfied Mr D did receive most of the funds from online sales
- A transaction of £595 was unfairly returned to source so this should be reimbursed. But Mr D hasn't provided enough evidence for a £120 payment to show it came from an online sale of shoes
- Mr D has shown enough evidence that he is entitled to a £340 transaction and that it was from an online sale. So this should be reimbursed to him. But Mr D hasn't given enough information to conclude the same for a £450 payment
- Pockit agreed to return the remaining £234.17 to Mr D as these return to source transactions were rejected. But these shouldn't have been attempted for return to source as there's nothing to show Pockit asked for source of funds information from Mr D
- So Pockit should reimburse Mr D with the £595, £160 and £340 transactions and it should pay 8% interest on these funds from 9 September 2020
- Pockit should also pay Mr D £250 for the stress and inconvenience its caused. He's explained he struggled financially over the pandemic which led him to sell his own items online, and not having access to these funds caused him stress. But Mr D did have another active external account – so he wasn't left without access to a deposit and payment account
- Mr D says he was struggling with depression at the time, but he hasn't sent any evidence of this

As Pockit didn't respond to what our Investigator said, Mr D's complaint was passed to me to decide. I then sent both parties my provisional decision and set them a deadline for further arguments and evidence. For ease of reference, here is what I said I was minded on deciding 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.*

*I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.*

*If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Mr D and Pockit have said*

*before reaching my decision.*

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

#### *Account review and restrictions*

*Financial businesses, like Pockit, 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 Pockit needs to restrict, or in some cases go as far as closing, customers' accounts.*

*Having considered this carefully, I'm persuaded Pockit had concern enough to review the account and then place restrictions on it.*

#### *Funds withheld – return to source*

*As Pockit had concerns, I would expect it, as it has done, to carry out due diligence by asking Mr D for evidence of the source of his funds. I do however question why it took Pockit around four months to do this. This is a significant and unreasonable delay.*

*Pockit has given me some of the information Mr D gave it to show where the funds had come from. Excluding the proof of identity and address, Pockit found Mr D's evidence of source of funds insufficient. It's not clear whether Pockit have given us everything Mr D gave it. But based on what Pockit have given us, I'd agree this isn't enough to show entitlement to the funds.*

*As part of looking into this complaint, our Investigator has asked Mr D to give us more evidence. When asked, Mr D has always acted in a timely manner in providing information. He's also explained that it was difficult for him to know what transactions Pockit needed information about as it refused to give him his statements.*

*Given Pockit restricted the account in August 2020 but didn't ask for the source of funds information until late December 2020, it's understandable and reasonable that Mr D would've needed his statements, or something similar, to show what transactions Pockit need information about.*

*I also haven't seen information which shows what information Pockit asked for, and what follow up questions or information - if any at all - it asked of Mr D given it wasn't satisfied with what it got in the first instance. I would expect Pockit to have given Mr D reasonable opportunity to show his entitlement to these funds. But from the little information I have regarding this, I can't say it did.*

*What's important here is that as soon as we were able to give specific details about the transactions, Mr D has given us information and communicated effectively with this service to explain what information he does have, and he's been able to explain key details about them.*

*To that end, Mr D has provided enough information to persuade me that four of the key five transactions under review here, were legitimate and the result of selling goods online. Mr D has sent us courier delivery information from this time, he's also sent us messages between him and the buyer which match with the names on the account that we've been given by Pockit. Mr D has also shown that items in the payment reference match with what was being*

*sold to the buyer.*

*Additionally, Mr D has shown that from October 2020 he opened a business and later a third-party bank account for it – and that this business was engaged with a similar activity of selling goods online.*

*Its possible Mr D was using his Pockit account for business purposes, but equally it could be that his business started off from him selling his goods online to help him personally through the pandemic. This is something he has alluded to. If Pockit considered he was using his account for business purposes - an argument it hasn't made - it could have reason to close the account. But in this instance, I would expect it to have given Mr D fair warning before doing so.*

*So taken together, I'm satisfied Mr D has shown me enough evidence the transactions under review by Pockit were most likely the proceeds of legitimate and genuine online sales as he says. I must point out that I haven't seen anything else which shows Pockit had other more heightened concerns, or had other information, which meant it acted fairly in restricting and returning the funds to source.*

*Because of this I don't think Pockit should have returned Mr D's fund to the source accounts. Mr D has said he hasn't been able to get any of the money back from the people he sold the goods to. That isn't surprising given they're not family or barring one, friends. Incidentally, Mr D has said the buyer who's a friend has not had their money returned.*

*Given I'm satisfied Pockit shouldn't have sent the funds back in the way it has, I am planning on directing it to return all of Mr D's funds. I understand that amount is £2,124.17.*

*Given the severity and impact an account block can have, I would've expected Pockit to act in a much timelier way. I've already said it started its due diligence process after an unreasonable delay. Similarly, Pockit caused similar delay once it received information back from Mr D in January 2021. It didn't start the return to sender process until seven or eight months later without any substantive update to Mr D or reason why it took this long for it to decide on its course of action.*

*Taking the above into consideration, I think a reasonable time for Pockit to have carried out its review and accompanying due diligence, would've been around a month. It also should've given Mr D copies of his statements, which after all he is entitled to. This would have helped him give it material evidence for the review. As Mr D has been deprived of his funds, Pockit will need to pay 8% simple interest from September 2020 up until settlement.*

#### *Distress and inconvenience*

*I've already said Pockit caused substantive delays in carrying out its investigations to Mr D's detriment. I've also seen that Pockit has communicated poorly throughout to Mr D. And I've also found that Pockit should not have returned Mr D's funds to their remitters.*

*Mr D has said that this matter affected his mental health – causing or exacerbating his condition. I haven't seen any compelling evidence that Mr D did have such a condition. But I do accept this matter would have caused him stress and anxiety – especially at a time of great uncertainty during the pandemic.*

*Mr D had another account which mitigates against my compensation award given he had access to deposit and payment facilities.*

*I've also seen that Mr D chased Pockit many times for meaningful updates and it didn't*

*respond on most occasions.*

*So taking all of this into account, I'm planning on awarding Mr D £400 for the distress and inconvenience Pockit caused it. This award also considers that Mr D would have suffered some embarrassment in asking his customers if they have had their payments returned.*

*Putting things right*

*To put things right, I am planning on directing Pockit to:*

- *Pay Mr D all the funds it withheld which I understand to be £2,124.17*
- *Pay 8% simple interest on £2,124.17 from September 2020 up until settlement\**
- *Pay Mr D £400 compensation for distress and inconvenience*

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

I set both parties a deadline to send me any further comments or evidence. Both Pockit and Mr D have accepted what I said in my provisional decision. So, I'll now decide this complaint.

### **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.

For the reasons above relating to my provisional decision, I've decided to uphold this complaint in part.

### **Putting things right**

To put things right, Wirecard Card Solutions Limited, trading as Pockit, must:

- Pay Mr D all the funds it withheld which I understand to be £2,124.17
- Pay 8% simple interest on £2,124.17 from September 2020 up until settlement\*
- Pay Mr D £400 compensation for distress and inconvenience

\* If Pockit considers it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr D how much it's taken off. It should also give Mr D 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. Wirecard Card Solutions Limited must now put things rights as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 22 September 2023.

Ketan Nagla  
**Ombudsman**