

The complaint

Miss W complains Think Money Limited (TML) blocked and closed her account. She also complains that TML haven't released money that was paid into her account to her and sent it back to source.

What happened

Miss W had an account with TML. Miss W says she used the account to receive payments from two individuals who bought dogs from her. I will refer to these individuals as Miss A and Mr M.

Miss W has explained that in early June 2022, she sold a dog to Mr M for £720 and another dog to Miss A for £760. She said that both Miss A and Mr M visited her address and collected the dogs. The payment from Mr M credited Miss W's account. The payment from Miss A wasn't applied to Miss W's account.

TML received a notification from another bank that their customer, had paid Miss W for a dog that she hadn't received. As a result of this information TML reviewed Miss W's account which included payments that had been made into her account and pending payments, which included Miss A's payment. TML didn't question Miss W about the payments she had received from Mr M or Miss A.

Following its review TML returned both payments to the sending banks, amounting to £1,480. And it decided to close Miss W's account. TML wrote to Miss W giving her seven days' notice that she needed to make alternative banking arrangements.

Miss W complained to TML and asked them to return the money to her. She told TML that the transactions were legitimate, and she hadn't done anything wrong. She explained she was out of pocket and without her dogs. And was now having difficulty opening another bank account. In response, TML said it hadn't done anything wrong and had acted in line with the account terms and conditions. It said it wouldn't return the £1,480 to Miss W.

Unhappy with this response Miss W brought her complaint to our service. One of our investigator's looked into what had happened. They asked Miss W for some more information about the sales of the dogs she said she'd made. Miss W provided the investigator with screenshots of conversations she'd had with Miss A and Mr M. These showed that Miss W had sold each of them a dog, and that Miss A and Mr M were in possession of the dogs after collecting them from Miss W.

The investigator looked at the information Miss W had provided. She said TML hadn't done anything wrong by closing and reviewing Miss W's account. But she said TML hadn't done enough to be satisfied that Miss W wasn't entitled to the money Miss A and Mr M paid into her account. So, she said TML hadn't treated Miss W fairly when it sent the money back to source and it should refund Miss W the payments. She also said TML should pay Miss W £500 compensation for the trouble and upset this had caused her along with interest for loss of use of the funds.

Miss W agreed. TML didn't. It said it had relied on the terms and conditions to do what it did and hadn't seen any of the evidence that Miss W had provided to the investigator. Following this the investigator sent TML everything Miss W had provided about the transactions. But TML didn't provide any further comments.

As no agreement could be reached 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.

The crux of Miss W's complaint is that she wants TML to refund her the money she says she lost as a result of the dogs she sold to Miss A and Mr M. Having looked at all the evidence and circumstances of this complaint, I'm currently minded to say that the fair and reasonable outcome is that TML refund Miss W. I shall explain why.

TML decided to return the funds to the sending business, so that their customers, Miss A and Mr M could be refunded. TML have said it did this on the basis of the outcome of its review of Miss W's account and said the terms and conditions of the account allowed them to do this. The effect of TML's actions meant that Miss W had lost both the dogs which she'd sold legitimately to Miss A and Mr M and the money she had expected in payment for them.

TML have relied on the terms and conditions of the account to return the money which state: *'our procedures and usual security and risk checks apply to all payments made to and from your account. This may result in us holding, delaying or refusing to accept a transaction or instruction.'*

Having considered this term and the circumstances of this complaint, which includes the concerns TML had about how Miss W was operating her account, I'd expect any review and risk checks to at least include speaking or engaging with Miss W so that it could establish if Miss W was entitled to the money paid into her account. This is in line with the industry best practice standards. TML hadn't received any reports to suggest that she wasn't entitled to the two payments from Miss A and Mr M. So, I'm not sure how TML satisfied themselves that Miss W didn't have a legal right to the funds. With this in mind, I don't accept TML acted fairly when it returned the payments to source.

Miss W has sent us evidence that the payments she received from Miss A and Mr M were made for dogs she sold to them. She has sent us screen shots of conversations she had with both individuals and from looking at them I'm satisfied that Miss A and Mr M both received the dogs. The messages also show that Miss W attempted to recover her funds from Miss A after TML returned the money. However, it is quite clear that Miss A is deliberately avoiding returning the funds to Miss W despite being in possession of the dog she bought from Miss W.

I've not seen any evidence that TML asked Miss W about the payments she received from Mr M or Miss A before it decided to return them to source. If TML had asked Miss W about her dealings with both individuals, I think it's likely she would've provided the information that she has given to this service to TML at the time. Therefore, I can't see any reason for TML to return the money to the sending banks. Based on what I've seen I think it's most likely Miss W was engaged in genuine transactions with Miss A and Mr M. And received the payments from them for legitimate sales of dogs. I don't think TML did enough to satisfy themselves that Miss W wasn't entitled to the money paid into her account.

I've considered what Miss W has said about how TML's actions impacted her. Miss W had to spend time contacting TML trying to sort out what had happened to her funds. And she had to spend time chasing Miss A and Mr M trying to get her money back. I think Miss W has made reasonable efforts to minimise the financial losses by contacting both Miss A and Mr M – unfortunately without any success. So, she's been left out of pocket. I don't think TML did enough to satisfy themselves that Miss W wasn't entitled to the money paid into her account in the first place. So, I think they should refund her as she is now at a financial loss. I think adding interest to the amount they refund her fairly compensates her for the loss of use of this money.

I also think TML should pay Miss W compensation for the trouble and upset this overall situation has caused her. Miss W has said that she has been affected both financially and mentally. She has explained that she has two young children with serious health conditions and being without the funds made it difficult for her to provide for them. She has said that the stress that she suffered because of TML's action made it hard for her to concentrate on sorting out the needs of her children. Taking everything into account, I am satisfied that TML's decision to send back the payments has caused Miss W considerable distress and inconvenience which could have been avoided if TML asked Miss W about the payments she received. So, I consider the amount of £500 compensation recommended by the investigator, to be appropriate in the circumstances.

Finally, I turn to the bank's decision to close Miss W's account. I'm satisfied that TML acted in line with the account terms and relevant regulations when it decided to close Miss W's account. I can see that it gave Miss W seven days' notice to find another account, which I don't find unreasonable. So, I can't say TML has done anything wrong or treated Miss W unfairly when it closed her account. I know Miss W has said she is now having a lot of trouble opening another bank account, but I haven't seen anything to suggest that this was as a result of any actions taken by TML.

My final decision

My final decision is that I partly uphold Miss W's complaint. To put things right Think Money Limited should:

- Refund Miss W £1,480
- Pay Miss W simple interest at the rate of 8% on £1,480 from the date of debit until the date of refund.
- Pay an additional £500 for the trouble and upset caused by returning the £1,480 to source

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 1 December 2023.

Sharon Kerrison
Ombudsman