

The complaint

Mr A complains that PrePay Technologies Limited closed his account and sent money that had been paid into his account back to source.

What happened

Mr A had an account with Suits Me, one of PrePay's agents. As the overall agreement was with Suits Me, and for ease of reading, I'll refer to Suits Me in this decision.

Mr A has said that he used his account to receive payments from his family and payments from selling car parts via online marketplaces that he'd bought at auctions.

In November 2022, Mr A received two separate payments into his Suits Me account totalling £350 from an individual I will refer to as C. Following this, Suits Me received a notification from another bank that their customer, C, had been the victim of a scam – they told their bank that they hadn't received any goods/services from Mr A after they'd sent money to him.

Suits Me blocked Mr A's account and asked him to provide information about the payments he'd received from C. And to provide any evidence of his entitlement to the money. In response, Mr A explained that the payments were for work he'd done in relation to car parts, he had sold to C. He sent Suits Me screenshots of WhatsApp messages he said were between him and C in support of his explanation. Suits Me looked at the information but didn't think it showed Mr A was entitled to the money, so it sent the £350 back to source. Following this Suits Me closed Mr A's account immediately.

Suits Me didn't question Mr A about the remaining funds in Mr A's account and in March 2023, it sent the balance of Mr A's account back to several sources. Mr A complained to Suits Me and asked them to return his balance to him. In response, Suits Me said it hadn't done anything wrong and wouldn't return the balance to him. Unhappy with this response Mr A brought his complaint to our service.

One of our investigator's looked into what had happened. She noticed that some of the money (a total of £400) that had been paid into Mr A's account had come from his brother. Given the close connection, she asked Mr A if he'd managed to recover the money from his brother. Mr A said he hadn't been able to get the money back as Suits Me hadn't sent the money back to his brother's account. The investigator asked him to provide a copy of his brother's statement to support what he'd said, but he wasn't willing to do so.

After looking at everything, the investigator said Suits Me hadn't done anything wrong by closing and reviewing Mr A's account. She also didn't think Suits Me had done anything wrong when it had sent the £350 back to the sending bank. However, she said Suits Me shouldn't have sent Mr A's remaining funds back to source as it didn't have anything to show Mr A wasn't entitled to these funds. To put things right she said Suits Me should refund the money that had been paid into his account – except the payments he'd received from his brother - £400. She also said that Suits Me should pay interest for loss of use of the funds.

In response, Mr A said he all he wants is the money that was paid into his account. And he is still waiting for his money to be returned to him. Suits Me agreed with the investigators view. 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.

Account review and closure

Suits Me are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. They're also required to carry out ongoing monitoring of new and existing relationships. That sometimes means they need to restrict customers' accounts – either in full or partially while they carry out their review and ask its customer for information. The terms of Mr A's account also permit Suits Me to restrict an account. This means Suits Me is entitled to block and review an account at any time.

Having looked at all the evidence, including the information Suits Me and Mr A has provided to this service, I don't believe it was unreasonable in the circumstances for Suits Me to block Mr A's account and ask him about the £350 he'd received from C. Fraud is a serious matter, and one way financial businesses and banks can help to tackle fraudulent payments is by restricting accounts when allegedly fraudulent payments are received into them. And that's what happened here.

Suits Me has explained that this was its standard procedure, and I accept that it was. That's in line with what most financial businesses would do in the same situation. It also enabled Suits Me to consider how best to react to the report it had received from the other bank and what Mr A told them about the payments. I'm also satisfied that in doing so Suits Me were complying with its legal and regulatory obligations. So, whilst I accept, the Suits Me's actions caused Mr A inconvenience when it blocked his account, I can't say it did anything wrong and treated him unfairly in doing so.

I then turn to Suits Me's decision to close Mr A's account. Suits Me have relied on the terms and conditions when closing the account. The terms explain that it can close the account immediately and by providing two months' notice. In this case Suits Me closed Mr A's account without notice. Having looked at all the evidence, including how Mr A was operating his account, in my view that was reasonable. So, it was entitled to close the account as it has already done.

Return of funds

The crux of Mr A's complaint is that he wants Suits Me to refund him the money that was paid into his account. I'll deal first with the £350 that was paid into Mr A's account by C. This was made up of two payments on 17 and 21 November 2022.

I've looked at the screenshots Mr A has provided and having done so I can understand why Suits Me didn't consider they showed Mr A was entitled to the money. I say this because there is no reference to any work or goods being provided by Mr A. Mr A also hasn't

provided any invoices, and the screenshots are also not dated so I can't conclude that they relate to the payments Mr A received. This makes it difficult for me to place much weight on what Mr A has said about the payments. So, I'm not satisfied, based on the evidence that Mr A has shown he is entitled to the money C paid into his account.

Suits Me sent the £350 back to source. This ensures the funds are sent back to the correct person. Especially, as in this case Suits Me weren't able to verify Mr A's entitlement to the funds. I agree that this was the right action in the circumstances. The terms and conditions of Mr A's account also permit Suits Me to take this action. So, I can't say Suits Me has treated Mr A unfairly in doing so and I won't be asking Suits Me to refund this money to Mr A.

Following this, in March 2023, Suits Me decided to return the remaining balance of Mr A's account back to source. The investigator has asked Suits Me why it took this decision instead of releasing Mr A's balance back to him. But Suits Me hasn't provided a satisfactory explanation, supported by evidence, as to why it returned the remaining money in Mr A's account back to the original sources. As I've set out above, I accept that there are times when it is appropriate for Suits Me to return funds to original sources. But in order to decide whether or not that is the case, I would expect to see appropriate evidence to support such a decision.

I can understand Suits Me concerns about the way Mr A was operating his account. But I've seen nothing to suggest the people who sent money to Mr A's account, apart from C, had challenged the payments they made to him or requested their money back before Suits Me returned them. I've also not seen any evidence that Mr A obtained the funds dishonestly. Suits Me didn't speak to Mr A about all of the money that had been paid into his account. It did ask him how he was using his account and Mr A said that some of the money was from his girlfriend and for sales of car parts. But I can't see that Suits Me carried out a thorough investigation to establish if Mr A was entitled to the money in his account. So, I'm not satisfied that Suits Me had sufficient evidence to justify depriving Mr A of all of the funds in his account.

Based on the evidence I've seen I'm not persuaded that Suits Me acted fairly when it returned all of the payments to source. So, I find the fair resolution here, would be for Suits Me to return the funds it took from Mr A's account to him. In reaching this conclusion, I've kept in mind that from looking at Mr A's account statements he received a total of £400 from his brother on 15 November 2022. The investigator has asked Mr A to show he hasn't been able to recover these funds. But Mr A hasn't been able to do so. It's not clear to me why Mr A is unwilling to provide the information but given the closeness of the family connection and any evidence to the contrary I'm not convinced that Mr A hasn't been able to recover these funds. So, I don't think it would be fair to ask Suits Me to refund Mr A this money, as I'm not satisfied that he has lost out financially.

Suits Me has agreed with the investigator's recommendation to return Mr A's balance to him. Despite this it still hasn't refunded Mr A's money. So, I will make an award in that sum, of £2,823.35, which amounts to Mr A's balance, (less the amounts received from C and Mr A's brother), so that Mr A can enforce it should he need to do so.

In summary, Mr A was left out of pocket, and I don't think Suits Me did enough to satisfy themselves that Mr A wasn't entitled to all the money paid into his account. So, I think they should refund him as he is now at a loss. And I think adding interest to the amount they refund him fairly compensates him for the loss of use of his money.

My final decision

For the reasons I've explained, my final decision is that I partly uphold Mr A's complaint. To put things right PrePay Technologies Limited should:

- Refund Mr A's balance to him which amounts to £2,823.35
- Pay Mr A simple interest at the rate of 8% on the balance of his account from the date of debit until the date of refund.

HM Revenue & Customs require PrePay Technologies Limited to withhold income tax from the above mentioned interest. PrePay should give Mr A a certificate showing how much is taken off if he asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 13 December 2023.

Sharon Kerrison
Ombudsman