

The complaint

Mr A complains PFS Card Services (Ireland) Limited (“PFS”) blocked and closed his account and have not returned the funds held in it.

Mr A says this has caused him financial difficulty, inconvenience and substantive distress which has adversely affected his studies.

What happened

Following an internal review, PFS suspended Mr A’s account ‘permanently’ on 21 June 2022. Mr A was notified of this by email. Mr A was also told that if he wanted access to any funds, he would have to contact the sender of any funds for them to recall via the sending bank.

In September 2022, Mr A complained to PFS. He said the account was suspended and/or closed in June 2022 with a balance of £599 – and he hasn’t been able to get this amount returned. Mr A said PFS then twice rejected requests for these funds to be sent back to the sending bank - as it had told Mr A to do.

In March 2023, PFS sent its final response against Mr A’s complaint. PFS explained it can no longer provide Mr A access to the remaining balance nor give any information about it.

Mr A referred his complaint to this service. One of our Investigator’s looked into Mr A’s complaint. In summary, they found:

- PFS was entitled to block Mr A’s accounts given the obligations it must follow. But there were significant delays with PFS’ investigation which has caused delay to Mr A receiving his funds
- Based on the evidence available, PFS didn’t carry out any investigation when blocking the account till date. Had PFS asked for information from Mr A regarding his funds, he would’ve been given access much sooner
- PFS should pay Mr A £300 compensation for the distress and inconvenience he’s suffered. And 8% simple interest on £599.80 from 20 July 2022 until settlement. PFS should also refund all charges administered on the account from 20 June 2022 till date

Mr A said he agreed with what our Investigator said. But maintains PFS should pay him more compensation as he wasn’t able to focus on his studies as well as he otherwise would have. And, as such attained a lower qualification to that which he had set out to achieve. He says he has lost out on around £16,000 because of this. PFS didn’t respond.

As PFS didn’t respond, this 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.

PFS are strictly regulated and must take certain actions in order to meet its legal and regulatory obligations. It's 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.

PFS has given me information to explain why it reviewed and blocked Mr A's account in June 2022. Having carefully considered this, I'm satisfied PFS did so in line with the obligations it must adhere to.

PFS explained to Mr A that it had permanently 'suspended his account' in June 2022. To my mind that is effectively an immediate closure. PFS expressly said this in its final response issued in March 2023. PFS haven't provided me its terms of account. But it's generally the case that an Electronic Money Institution ("EMI") like PFS can normally close an account by giving two months' notice. And in some circumstances, it can close an account immediately or with less notice.

PFS have explained and provided information to show why it acted in this way. It's highly likely Mr A would like PFS to explain why it acted in the way it did. But PFS is under no obligation to do so. Having said that, having carefully reviewed the information I've been sent, I'm not persuaded PFS did enough in terms of investigating the concerns it had – and therefore closing the account in the way it has.

I would expect PFS to do this before determining what to do with the funds in Mr A's account. When our Investigator asked Mr A about his funds, he sent in information relating to their origin. But notwithstanding that, PFS has failed to carry out a proper investigation to determine Mr A's entitlement to the funds in the account.

Mr A attempted to retrieve funds from his account based on what PFS told him. That is through asking the sending bank to recall them. To that end he hasn't been able to recover £599.80. This is consistent with the statements of the account. If PFS did what it should have - an investigation - I think it's likely Mr A would've been able to recover his funds a month after the account was blocked.

This would be around 20 July 2022. Mr A has also been deprived of his funds for much longer than he ought to, so I think PFS should pay him 8% simple interest on this for the same period. I also agree that it is not fair that Mr A pay fees and charges on an account he had no access or use of from June 2022. So PFS should refund such charges – which includes any fees or charges for regular payments like direct debits failing.

Mr A has explained that he wasn't able to meet his rental payment around the time PFS blocked his account and has sent in some evidence to do with this. He's also explained that the matter caused him substantive distress to the extent he couldn't focus well on his studies and therefore attained a lower qualification. Mr A says he should be compensated for the course fees of around £16,000.

Mr A was left without his funds for much longer than he ought to. But I've already addressed the deprivation of funds above. But I do accept the delays with PFS' investigation would've exacerbated the inconvenience and distress Mr A and explained he suffered. However, I don't think PFS is culpable for Mr A achieving a lower qualification. This is too remote from what's gone wrong here, and therefore is too far removed from the event being complained of. So I don't award any compensation for the education fees.

Putting things right

To put things right, PFS must:

- Refund Mr A £599.80 that it's been holding
- Pay 8% simple interest on £599.80 from 20 July 2022 until settlement*
- Refund all charges administered on the account from 20 June 2022 until settlement
- Pay Mr A £300 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 A how much it's taken off. It should also give Mr A 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. PFS Card Services (Ireland) Limited must now put things right as above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 27 February 2024.

Ketan Nagla
Ombudsman