

## **The complaint**

Mr C is unhappy that Prepay Technologies Ltd (“Prepay”) have closed his account.

## **What happened**

On 27 December 2023, in the course of carrying out standard checks, Prepay wrote to Mr C to request information regarding his account. Mr C responded to this email on 27 December 2023 and answered Prepay’s questions.

Prepay didn’t respond to Mr C’s response. It contacted him again on 6 February 2024 as part of its review to again request the same information. Mr C didn’t respond. On 19 February 2024, because it believed it hadn’t received any response from Mr C, Prepay made the decision to close his account without notice.

Mr C contacted Prepay the same day and he was advised he needed to provide documentation that supported his explanation of where the funds in his account had come from. Mr C said he was unable to provide further documentation relating to this as most of the deposits related to money he’d inherited from family. He said Prepay would be able to see the money came from another account in his own name and he didn’t have any paperwork beyond this because it was all online.

Prepay didn’t feel Mr C’s responses went far enough to meet its requirements and the account remained closed.

On 20 February 2024 Mr C complained to Prepay. He felt he’d made a reasonable effort to comply with the request for further information and he didn’t feel the reason for the closure was legitimate. Prepay responded on 22 February 2024 and stated it felt it had made a reasonable decision in closing his account.

Mr C brought the complaint to our service to consider. Our investigator upheld the complaint in part. Whilst they didn’t feel Prepay had acted unreasonably in closing the account they did think the account fee charge in December 2023 should be refunded for the period Mr C wouldn’t have use of the account plus interest for the time he had been deprived of the funds.

Mr C didn’t accept this. He felt Prepay acted unreasonably in closing his account and felt he had provided the information requested of him. Prepay was also unhappy with the investigator’s view. Although they had consented to us considering Mr C’s complaint about the fee that had been applied to his account and had offered to refund the fee it had charged, it didn’t feel it should be liable for interest on this amount.

As neither Mr C or Prepay accepted the investigator’s findings the complaint has been passed to me to make a decision.

## **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.

I'll start by setting out some context for Prepay's review of Mr C's account. Banks and financial businesses have important legal and regulatory obligations they must meet when providing accounts to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. It's common industry practice for businesses to restrict access to an account to conduct a review on a customer and/or the activity on an account.

Part of this will regularly involve asking reasonable questions or requesting further information from its customers about their accounts. I can see that's what Prepay have done in this case, and I can see that ultimately Mr C hasn't satisfied its requests.

Banks and financial businesses are entitled to set their own policies and procedures around risk and security. And they're also entitled to end their business relationship with a customer, as long as this is done fairly, doesn't breach law or regulations and is in keeping with the terms and conditions. In this instance the terms of Mr C's account say that in certain instances Prepay can close the accounts with immediate notice and it doesn't have to provide a reason for doing so.

I understand Mr C wants Prepay to explain more about its decision to close his account. It can't be pleasant being told you are no longer wanted as a customer. But Prepay doesn't disclose what triggers a review of their accounts to its customers. And it's also under no obligation to provide Mr C with the reasons it no longer wants him as a customer. So, I can't say it's done anything wrong by not giving him this information. And it wouldn't be appropriate for me to require it to do so.

Banks are entitled to decide for themselves whether to do business or continue doing business with a customer. Each financial institution has its own criteria and risk assessment for deciding whether to continue providing accounts and providing an account to a customer is a commercial decision that a financial institution is entitled to take. That's because it has the commercial freedom to decide who it wants as a customer. And unless there's a good reason to do so, this service won't usually say that a bank must keep a customer.

Prepay can only close accounts in certain circumstances and if it's in the terms and conditions of the account. Prepay have relied on the terms and conditions when closing Mr C's accounts and, it has provided supporting evidence to show why the terms and conditions it's relied on are applicable in this case. Having reviewed this information, I'm satisfied it has acted fairly in closing his accounts. Whilst I can't disclose more information about this to Mr C I hope I can provide assurance that his account wasn't closed for an improper reason.

Mr C has explained that he responded to Prepay in December 2023 – the same day it requested information from him. And based on the evidence he's provided I'm satisfied he did do this. He's also disputed the chaser Prepay sent him on 6 February 2024 as he's said Prepay has refused to clarify how this message was sent to him. But overall I don't think these points have materially impacted the outcome here.

I say this because when Mr C and Prepay did start engaging meaningfully with each other after 19 February 2024, Mr C ultimately failed to provide the supporting documentation Prepay asked him for. And based on the reasons he gave I can't see any reason this wouldn't have happened in December 2023.

So, ultimately, the result of Prepay not responding to him sooner is that he was able to continue using his account for nearly three more months. Overall I can't see this has been to his detriment.

I understand Mr C has also said he has other complaints against Prepay that he wishes to provide evidence in relation to, but these issues don't form part of this complaint and would need to be raised separately.

### *Account fee*

Part of Mr C's complaint to our service was that he was charged an annual account fee shortly before the account was closed by Prepay and he doesn't feel this is fair. Prepay gave its consent for our service to consider this part of his complaint on 9 July 2024 so I'm satisfied this is something I can make a finding on in my decision.

Mr C was charged an annual account fee of £49.96 on 17 December 2024. But from 19 February 2024 Mr C no longer had the benefit of the account. So I think at the time the account was closed Prepay should've arranged a pro-rata refund of the annual fee to reflect the time he had use of the account. As it didn't do this it should arrange to do this now.

And, as Mr C has been deprived of these funds, Prepay should pay 8% simple interest on this refund. Had the refund been arranged as it ought to have been, Mr C likely would've received it along with the other funds that were returned to him following the account's closure. So the 8% simple interest should be calculated from the date Mr C received the return of the funds in his Prepay account to the date of settlement.

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

### **My final decision**

I uphold this complaint in part. Prepay Technologies Ltd should pay Mr C the redress set out above. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 27 November 2024.

Faye Brownhill  
**Ombudsman**