

The complaint

B a limited company complains that SafeNetPay Services Company Limited (trading as Moneff) took too long to release funds held in its account. B says SafeNetPay didn't provide a proper explanation about why it had blocked its account and didn't respond to its letters.

B's complaint has been brought to our service by its director, Mr C.

What happened

B had an account with Moneff.

Moneff is authorised and regulated by the Financial Conduct Authority to conduct a number of financial activities including providing payment services and issuing electronic money.

In November 2022, the FCA placed operational limitations on Moneff. As a result, Moneff were not able to process any transactions, including allowing account holders to withdraw their money, until the limitations were lifted.

B complained to Moneff about the lack of access to the money in its account. Mr C explained that the restrictions on B's account was damaging B's reputation and causing loss of business. In response, Moneff told B that it was unable to release B's funds because it was complying with its legal and regulatory obligations. And that its funds had been placed in a safeguarded account. It also said that B's account had been suspended in line with the terms and conditions.

Unhappy with this response, Mr C asked Moneff to close B's account and release its funds to a nominated account. Moneff noted Mr C's request but said it couldn't release B's funds as doing so would breach its legal and regulatory obligations. Moneff explained that the reason for the restrictions being imposed was due to circumstances outside their control. And it must adhere to restrictions imposed on it by the FCA.

The limitations against Moneff were lifted in late 2023, and Moneff began the exercise of releasing funds to its customers. Prior to releasing any funds and reactivating accounts, Moneff asked all their customers, including B, to complete a Know Your Customer (KYC) review before their accounts could be operational again.

To comply with Moneff's KYC request, Mr C sent Moneff documents in May 2023. The documents Mr C sent Moneff failed its verification checks. Following this Moneff decided to close B's account. On 16 July 2024 Moneff released B's funds.

Mr C brought B's complaint to our service. He said Moneff had held B's funds for too long and hadn't provided a proper explanation about why it had restricted B's account. Mr C said Moneff hadn't responded to letters he had sent and hadn't provided any meaningful updates. He said that the information Moneff had shared was vague and lacked detail.

One of our Investigator's looked into B's complaint. In summary, they found:

- Moneff hadn't done anything wrong when it restricted B's account and had done so to comply with its legal and regulatory obligations.
- It wasn't unreasonable for Moneff to reject the documents provided by B in response to its KYC request.
- Moneff hadn't treated B unfairly when it closed B's account.

Mr C disagreed with what our Investigator said. In short, he said:

- Moneff have not provided any information or justification for suspending B's account for as long as it did. The reasons and details of the limitations placed on Moneff remain unclear. Given the amount of time B's account was blocked it is entitled to an explanation.
- Moneff failed to respond to B's communications and when it did respond it provided only vague responses.
- He accepts that information in relation to the KYC process has been provided to our service in confidence, but B has previously successfully complied with Moneff's KYC procedures. So, he says Moneff is using the recent KYC process to distort the facts and suggest that the closure of B's account is due to something B had done wrong. And ignores the fact that B asked Moneff to close its account around eight months prior to Moneff's decision to close B's account.

As Mr C didn't agree with what our Investigator said, 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.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks and financial businesses as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Moneff has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr C, but I'd like to reassure him that I have considered everything.

Moneff as a regulated business 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.

As I've already explained, Moneff is subject to regulation by the FCA. Based on the evidence I've seen, the FCA applied operational restrictions on Moneff in November 2022 to ensure it complies with its legal and regulatory obligations when providing accounts to customers. As a result, Moneff suspended its operations, whilst it complied with the requirements of the FCA. This impacted B, given Mr C had no access to the funds in B's account from November 2022. Having looked at all the evidence I'm satisfied that Moneff were complying with its obligations when it suspended B's account. So, I can't say it's done anything wrong.

Mr C has said that B has been deprived of access to its funds for a very long time, which has damaged B's reputation and led to financial losses. I recognise the overall time this situation took. And I accept that B's account was blocked for a long time. But I do not consider that it

would be right for me to conclude it should not have taken in excess of any particular or specific timeframe. Whilst the FCA requested Moneff to suspend its activities there was nothing it could have done in relation to returning B's funds during this period.

I note that during the period Moneff activities were limited Mr C wrote to Moneff on more than one occasion asking for B's funds to be released. Moneff declined to do so. In my view, which was reasonable to take account of the possibility that the FCA would find a payment to be in breach of any limitations it had placed on Moneff.

So, whilst I appreciate Moneff blocking B's account and refusing to release B's funds, caused B inconvenience, I'm satisfied that whilst the FCA's limitations were in place Moneff was complying with its regulatory obligations. It was also entitled to do so under the account terms and conditions. I've not seen any evidence that contradicts this position. So, I can't say Moneff treated B unfairly when it decided to suspend its account.

Having looked at all the circumstances and evidence I can see that since B's account was blocked, Moneff issued periodic updates about what was happening and told Mr C on more than one occasion - that it would release B's funds once it was in a position to do so. Moneff also set out an anticipated timeline, which in B's case was early 2024. And explained that this would be subject to B completing its KYC procedures. So, I'm satisfied that Moneff responded to Mr C and his representatives. And clearly set out what it was doing and why.

Following the lifting of the limitations Moneff carried out a KYC review on all of its account holders. And it wrote to Mr C requesting that he provide information so that it could satisfy its KYC procedures. Mr C responded and sent Moneff copies of documents in May 2024. But the documents failed Moneff's checks so, B's funds weren't released.

I've seen copies of the documents Mr C submitted to Moneff in an attempt to get the funds released. So, I'm satisfied that Mr C understands what he needed to do in order to satisfy Moneff's request. I'm also satisfied that Moneff has these processes in place in order to comply with its legal and regulatory obligations when providing accounts to customers. So, whilst I appreciate this meant B were without access to its funds for longer, I can't say Moneff have done anything wrong by asking Mr C to provide the documents in order to complete this process.

Mr C supplied a number of documents to Moneff on at least two occasions. But Moneff has confirmed that the documents provided by Mr C weren't acceptable. Having looked at the documents and the information provided by Moneff in confidence to this service, I don't think that is unreasonable. I understand Mr C would naturally want to know the information I have weighted in order to reach this finding. But as I've set out already, I am treating this information in confidence, which is a power afforded to me under the Dispute Resolution Rules (DISP), which form part of the Financial Conduct Authority's regulatory handbook.

Accordingly, I have accepted information in confidence which I am not disclosing to Mr C. And the description of that information is that it's of a nature which justifies Moneff's rejection of Mr C's documents. I've also seen nothing to suggest that Moneff's decision to close B's account, after it received the documents from Mr C, was unfair. And I'm satisfied that Moneff closed B's account in line with the terms and conditions.

So, I'm not requiring Moneff to compensate Mr C for any inconvenience that he as director of B, may have experienced as a result of the time taken by Moneff carrying out its review, and the further dissatisfaction he experienced which ultimately flowed from not having access to the funds in B's account, including his unhappiness with Moneff's communication and the information it didn't provide him.

In summary, I recognise how strongly Mr C feels about B's complaint, so I realise he will be disappointed by my decision. But overall, based on the evidence I've seen and circumstances of this case, I can't say Moneff have acted unreasonably or treated B unfairly in taking the actions it did. So, I won't be asking Moneff to do anything further to resolve B's complaint.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 4 November 2024.

Sharon Kerrison
Ombudsman