

The complaint

C, a limited company, complains that PayrNet Limited withheld access to around £51,000 after it froze its account.

What happened

C had an account through one of PayrNet's distributors. To keep things simple, I'll refer to PayrNet in this decision. In December 2023, PayrNet suspended C's account. C contacted PayrNet who told him his account had been suspended. It told C that it would only do this to protect its funds or when required to by law, and that it wasn't able to share any further details under the relevant financial regulations. C asked PayrNet for updates on what was happening. But PayrNet wouldn't tell him more. C complained to PayrNet, and then referred the complaint to us.

Our investigator looked at the complaint but didn't think it should be upheld. C didn't agree. The complaint has 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.

PayrNet, like all financial businesses, is subject to legal and regulatory requirements. These mean it needs to monitor its customers' accounts and may need to carry out a review at any time. The same legal and regulatory requirements mean that where it carries out such a review it doesn't need to give reasons. And it may also be required to restrict access to funds in the account while it does this.

This is reflected in the terms and conditions that applied to C's account. These allowed PayrNet to restrict access to an account or block incoming or outgoing payments in certain circumstances.

I've thought about what this means in the circumstances of C's complaint.

PayrNet has submitted information in confidence about why it blocked the account. I'm satisfied this information is sensitive and cannot be shared with C. Based on what I've seen, I'm satisfied PayrNet was acting in line with its legal and regulatory obligations when it carried out its review and blocked access to the account.

I recognise C wants to know more. But where PayrNet blocks an account in these circumstances, it doesn't need to give C reasons, and nor would it be appropriate for me to share PayrNet's reasons with C, much as C would like to know.

I recognise that this will be disappointing to C's director – and I don't doubt that what happened has had a real impact on him. C, however, is a separate legal entity from its director and even if I had concluded that PayrNet had done something wrong here I wouldn't have been able to compensate C's director for the impact its actions had on him personally.

I'm not upholding the complaint and I'm not going to tell PayrNet to do anything further to put things right. If the position changes, I hope PayrNet will let C know.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 6 December 2024.

Rebecca Hardman
Ombudsman