

The complaint

Mr H complains that PrePay Technologies Ltd rejected his account application and discriminated against him by not following his reasonable adjustments.

What happened

In December 2023 Mr H started an application for an account with one of PrePay Technologies agents. For ease I'll refer to PrePay throughout my decision.

They asked Mr H to provide documents to prove his identity, but on reviewing the documents PrePay made the decision to reject his application.

Mr H complained, and when doing so asked PrePay to phone him to discuss his complaint. But PrePay failed to call him.

On 18 January 2024 PrePay decided to reopen Mr H's account. But Mr H remained unhappy and asked our service to look into his concerns. Mr H was concerned PrePay thought he was linked with financial crime and this caused him significant confusion and distress. This was made worse by his vulnerabilities, including being autistic and experiencing anxiety and depression.

One of our Investigator's looked into Mr H's complaint. PrePay explained that Mr H first applied for an account in June 2021, and on reapplying in December 2023 this caused their system to flag his application. They thought that PrePay acted fairly in initially declining his application then opening his account on 18 January 2024 but they should have called him when he asked. Our Investigator recommended that PrePay compensate Mr H £75.

Mr H accepted but PrePay didn't. In summary PrePay argued that Mr H requested a phone call on 11 and 12 January 2024. But, prior to PrePay having the opportunity to respond, Mr H had already spoken with them over the phone on 12 January 2024.

Mr H later submitted more information from a charity for autistic service users. In the submission the charity advised that Mr H had phoned PrePay on several occasions between 11 and 15 January 2024 but failed to receive an adequate response, then on 17 January 2024 he was again informed that his application had been rejected. This caused Mr H great distress, and they felt that £250 was a more reasonable compensation award.

As no agreement was reached the case was passed to me to decide.

On reviewing Mr H's case I came to a different conclusion to our Investigator. I thought that PrePay made an error in initially rejecting Mr H's application, taking seven days before identifying the error and failing to phone Mr H as he requested. I recommended that PrePay pay Mr H £400 compensation for the distress caused to him.

Mr H accepted my recommendation but PrePay didn't. PrePay provided some confidential information to our service, which I'll consider below. PrePay also argued that they didn't make any errors here, and should be able to decide who they take on as a customer.

PrePay also queried the award of £400 and questioned whether it reflected the actual impact on Mr H from their actions.

As PrePay didn't agree, I've reconsidered my thoughts below.

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.

In my provisional decision I said:

I've firstly considered PrePay's decision to reject Mr H's account application on 10 January 2024 prior to reassessing their decision and opening it on 18 January 2024.

PrePay are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They're also required to carry out ongoing monitoring of new and existing relationships. That sometimes means they need to request KYC documentation from new customers, which happened in Mr H's case.

On 10 January 2024 PrePay determined that Mr H had failed their KYC checks – and they decided to reject his application. However, I understand that a further 'manual' review was completed on 17 January 2024, where PrePay concluded that this was an error and Mr H's account shouldn't have been closed. And they decided to open his account on 18 January 2024.

I've thought about PrePay's actions here. As I've outlined PrePay have significant obligations to comply with and by doing their KYC checks and deciding whether to accept customers they were fulfilling these obligations. But, PrePay have accepted the rejection of Mr H's account application was an error caused by their automated system. I accept that automated systems will sometimes cause errors – but what concerns me is the delay between Mr H's account application being rejected, 10 January 2024, and a further review being carried out – 17 January 2024. I find this much longer than I'd expect. Especially as PrePay had recorded on their systems that Mr H is a vulnerable consumer.

During this time Mr H was in regular contact with PrePay's complaint department regarding their decision to reject his application. If, as I'd expect to have happened, PrePay had reviewed their decision sooner then the level of upset Mr H experienced could have been significantly reduced.

I've also considered how PrePay responded to Mr H's complaint – and whether they communicated with Mr H as I'd expect.

Mr H says he feels PrePay discriminated against him given the problems he's experienced. I can understand why Mr H feels this way. It's not our services role to decide if PrePay breached the equality act – that can only be decided by a Court. But from what I've seen I can't say PrePay have acted fairly.

I can see that Mr H asked PrePay to call him on several occasions, on 11 and 12 January 2024, and despite PrePay having a record of Mr H as a vulnerable customer I can't see any evidence that PrePay responded to this communication. I appreciate that Mr H called PrePay himself later in the complaint journey, but I think considering that PrePay had recorded Mr H as vulnerable, they should have done more here. PrePay have also argued that their complaints department doesn't have the facility to call consumers – however I don't find this argument reasonable. I say this as this doesn't prevent PrePay responding to Mr H's

requests via online chat, and advising him of this – or arranging a phone call from another department.

Overall, I'm satisfied that Mr H experienced inconvenience in the delay to the opening of his PrePay account. And confusion and distress in trying to understand why his application had been denied along with PrePay not responding to his repeated request for a call. Due to Mr H's vulnerabilities, including autism and poor mental health, the impact on him was significant. For this reason I'm planning to recommend that PrePay pay Mr H £400 compensation.

In response to my Provisional decision PrePay provided further information for our service to consider. DISP 3.5.9R(2) states that an ombudsman may accept information in confidence (so that only an edited version, summary or description is disclosed to the other party) where the ombudsman considers it appropriate.

PrePay made its submission in confidence. Our rules permit this; it's then for me to decide whether it's fair to rely on evidence that only one party has seen. It's not a one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we'll then decide if it's fair to rely on it.

Here, the information (and its source) is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether PrePay has treated Mr H fairly. So I'm persuaded I should take it into account when deciding the outcome of the complaint.

However, having considered the evidence PrePay have submitted it doesn't change my conclusion. I won't be commenting further on this due to the confidential nature of PrePay's submission.

I've moved on to consider the other arguments put forward by PrePay. Firstly, that they didn't act unfairly here and are entitled to decide who they'd like to onboard. In principle I agree with PrePay, they do have the commercial discretion to decide who they'd like to contract with, as every business does, as long as they are complying with the equality act and not discriminating against consumers. But, PrePay needs to have a criteria which they apply when deciding to approve or reject an application – and in Mr H's case they've already accepted this was incorrectly applied. Leading to a delay in his account being approved at the time. It follows I can't agree with the argument PrePay didn't make any errors here and therefore didn't cause Mr H any distress or inconvenience.

PrePay's second argument focuses on the impact on Mr H. As outlined in my provisional decision – and evidenced by a letter from a charity which supports autistic service users – Mr H suffered anxiety and distress from the delay in the opening of his account. PrePay have asked whether Mr H had another account open at the time – however, I'm not awarding compensation based on Mr H failing to have access to banking facilities. More that Mr H experienced distress in his application being denied incorrectly and PrePay's poor communication. And this distress was heightened as a result of his vulnerabilities. It follows I'm satisfied that £400 compensation is fair for the distress caused to him.

Putting things right

I'm satisfied Mr H was caused distress by PrePay's actions. I'm awarding £400 to compensate for this.

My final decision

My final decision is I uphold this complaint and direct PrePay Technologies Ltd to:

- Pay Mr H £400 compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 6 February 2025.

Jeff Burch
Ombudsman