

The complaint

Mr R complains that Modulr FS Limited trading as Plutus (Plutus) changed its operating terms meaning he couldn't access his account and rewards without taking out a subscription. He wants his account balance and cash equivalent of his rewards to be paid and compensation for what he described as appalling customer service.

What happened

Mr R opened an account with Plutus in May 2022 and received a payment card. He said he used this for over a year but in Summer 2023 the card payment option was removed with no replacement option, and he largely stopped using the account. He said in April 2024 another payment option was offered but when he tried to use it, he couldn't login and was told his account had been put into 'sleep mode', despite transactions within the previous 12 months.

Mr R understood Plutus was offering to move him to a paid-for account or close the account, which he said would lose accrued rewards. Mr R complained to Plutus and said his relative inactivity over past months was due to Plutus not having a payment card option. He said its response reiterated the options of upgrading or closing the account with the loss of rewards.

Mr R said he still has £20 in the account and rewards that he can't access as he is unable to login via the app. He doesn't see why he should have to pay to access his account when there was no warning of it being made dormant and nothing about this in the Terms and Conditions. Mr R said Plutus have changed its business model and no longer wish to offer a free plan and are unfairly forcing customers to move to a paid plan or lose their rewards.

Plutus responded to Mr R's complaint that his free 'Starter Plan' entered sleep mode in May 2024 after about eight months of inactivity from the only transaction of a deposit of £20 in September 2023. Plutus said Section 11.1 of the Terms and Conditions allows this while Section 11.7 outlines account restrictions for prolonged inactivity to ensure platform security.

Plutus said its first announcement about subscription changes was in October 2023 followed by two emails to customers in November 2023. It said its Starter Plan was then discontinued in January 2024. Plutus said that as per section 25.2 of the Terms and Conditions, if Mr R didn't agree to the changes, he should have requested closure of his account, and it would refund his balance. It said all monthly plans have a fee and non-subscribing customers are limited to depositing funds for card transactions with no eligibility to earn rewards.

Plutus said its rewards 'are conditional and non-financial in nature' as per the Terms and Conditions and the 'Eligibility Requirements' of the Subscription Terms which state that a non-subscribing customer subject to 'Sleep Mode' isn't eligible for rewards. Plutus said Mr R's reward balance is equivalent to £24.38, but the rewards aren't a financial instrument and don't have a cash value and it doesn't provide conversion into a cash value.

Mr R said Plutus failed to fully investigate his complaint and ignored him for two months. As he wasn't satisfied with Plutus' response he referred his complaint to our service. Our investigator didn't recommend that it be upheld. He didn't think it unfair, unreasonable or unusual, that the account went into dormancy though he accepted Mr R's point that the lack

of activity was due to the card service being removed. But he said Plutus is required to have controls in place to combat financial crime and dormancy supports this.

The investigator said that Section 11.1 of the Terms and Conditions means Plutus acted fairly, though inconvenient to Mr R. He said businesses are entitled to make decisions on the products they offer, and it's not our role to tell a business what products it should or shouldn't offer. And Plutus made a business decision, to move to a paid monthly subscription service.

The investigator said Plutus informed its customers about the changes and Mr R didn't want to move to a fee-based service. He said Plutus has the right to make these changes and consumers have the same right to decide if this is what they want or close their account. He said Mr R chose to leave £20 in the account and Plutus explained how this can be accessed.

The investigator said consumers earn rewards when making purchases using their card, but these aren't referred to a cash equivalent. He said Plutus' rewards are non-financial and not classified as a financial instrument – they align to crypto currency, an unregulated activity. The investigator said Plutus explained that due to regulatory compliance, it can't exchange or pay a customer's rewards. He said it would have been possible for Mr R to access the rewards by subscribing to the lowest plan of £6.99 and could then have closed the account.

Mr R disagreed with the investigator and requested an ombudsman review his complaint. He said regarding 'sleep mode' his account had been inactive for well under 12 months (with transactions in August and September 2023) so to have to pay to reactivate seemed unreasonable. He said he was disappointed the investigator hadn't mentioned Plutus' lack of customer service concerning his complaint, ignoring his follow-up messages.

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'd like to confirm this service isn't a regulatory body or a Court of Law and doesn't operate as such. Instead, we are an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial perspective, taking all factors and circumstances of a complaint into consideration.

In assessing whether B acted fairly, I've taken into account the relevant rules and guidelines along with good industry practice. Having done so I have reached the same conclusions as the investigator and largely for the same reasons.

Mr R said Plutus placed his account into dormancy, due to inactivity and then changed its business model so that reactivation would require him to sign up to a monthly subscription plan, or close the account, which would mean losing the rewards he has accumulated.

Plutus acknowledge Mr R's point about changing its business model. Plutus decided to end the payment card option and subsequently withdraw for all customers the 'Starter Plan' that Mr R held. As the investigator has said, it is a matter for businesses' own discretion as to the products and services that they wish to offer. All financial institutions change their offerings from time to time and Plutus is no different. It is not the role of our service to tell businesses what model they should follow, but only to see if it has treated customers fairly in doing so.

I can see that Mr R was unhappy with the end of the payment card option and didn't use Plutus again, until it made a new payment option available. However, Plutus had put Mr R's account into dormancy and then changed its business model so that to access rewards a customer would need to agree to a subscription account. Plutus contacted Mr R in May 2024

to say his account hadn't been used in a while and it had put it in sleep mode, meaning it wasn't usable.

I've looked at the Terms and Conditions of Mr R's account. Section 11.1 allows Plutus to take 'proactive measures to avoid money laundering and the financing of terrorism' and this is what it has relied on to put Mr R's account into 'sleep mode'. Section 11.7 outlines account restrictions for prolonged inactivity to ensure platform security. Mr R sees this as a device to force him into a subscription account, but I think Plutus is correct to say that unused or 'dormant' accounts are vulnerable to fraudulent activity, and it has put in place measures that reflect the requirement on all financial institutions to safeguard funds in unused accounts. Plutus isn't held by a timescale for taking this action.

With the ending of the 'Starter Plan' Plutus rewards became exclusive to paid subscriptions accounts. Plutus presented Mr R with a choice of the subscription account or closing his account and said how he could obtain the return of his account balance. Plutus subsequently closed Mr R's account.

Businesses are obliged to provide consumers with appropriate information so they can make effective, timely and properly informed decisions. I can see that Plutus announced the subscription changes in October 2023 and followed this with two emails to affected customers in November 2023 ahead of the change in January 2024. I'm satisfied that Plutus met its requirement to communicate effectively with Mr R.

Mr R has said that he cannot now access his rewards without subscribing to an account. The investigator has pointed out that these amount to about £25 and could be obtained for a subscription of £6.99.

The Plutus reward scheme is subject to separate Terms and Conditions from those for the account. These are clear that rewards offered do not constitute a financial asset and cannot be paid out in currency. And so, in conclusion I haven't found that Plutus has done anything wrong, either by placing the account into dormancy, changing its business model and terms of business, or by not converting Mr R's rewards balance into UK Sterling.

Mr R was disappointed that the investigator hadn't reflected on the poor customer service he said he received. I think it would have been preferable if Plutus had responded more promptly to Mr R's concerns, but he should note that complaint handling isn't a regulated activity and so it's outside the jurisdiction of this service. So I can't consider what Mr R has said about the way Plutus handled his complaint.

Mr R has also added recently that Plutus has told him it is terminating his account, which he considers highly inappropriate whilst our process is still ongoing. Mr R can bring a separate complaint about this to our service if he wishes once Plutus has had the opportunity to consider the issue.

Our service investigates the merits of complaints on an individual basis. And that is what I've done here. I think it's important to explain that my decision is final. I realise that Mr R will be disappointed by this outcome though I hope he appreciates the reasons why it had to be this way.

My final decision

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 13 May 2025.

Andrew Fraser
Ombudsman