

## **The complaint**

Mr O complains that Modulr FD Limited unfairly blocked his account, then closed it, and returned funds back to source after completing a review. He wants the funds repaid to him.

## **What happened**

Mr O had an account with Pockit, for which Modulr is responsible. For ease of reading I will refer to Pockit throughout this decision.

In November 2024, Pockit decided to review Mr O's account to comply with its legal and regulatory obligations. Pockit blocked the account whilst it completed the review and asked Mr O to provide it with information concerning four payments that had been made into his account totalling just under £500. Mr O told Pockit that the money was made up of a gift from a friend, some money he was owed and gambling winnings.

Pockit reviewed everything Mr O had provided and following this on 27 November 2024, decided to close Mr O's account immediately. Pockit also sent the money that had been paid into Mr O's account back to source.

Mr O complained to Pockit. He said Pockit treated him unfairly by blocking and closing his account without notice. He said the money Pockit sent back to source belonged to him and being without the funds had made life very difficult for him. He said Pockit should give him back his money and tell him why it no longer wants him as a customer.

In response, Pockit said that it had reviewed and closed Mr O's account to comply with its legal and regulatory obligations. And wasn't willing to provide a further explanation. It also said it had done nothing wrong when it sent the money that had been paid into Mr O's account back to source.

Mr O remained unhappy and asked us to investigate his complaint. He said the block on his account and lack of access to his funds caused him a lot of problems. He wants Pockit to provide a proper explanation about why it blocked and closed his account. Mr O said Pockit's actions made him feel stressed, anxious and impacted his ability to concentrate on his studies. He said whenever he contacted the Pockit he wasn't given any meaningful information about what was happening which made him feel even more anxious and isolated.

After looking at all the information the investigator said that Pockit hadn't treated Mr O unfairly when it had blocked and closed his account. And returned the funds paid into Mr O's account back to the senders. Based on the information Pockit had shared with us in confidence she didn't recommend Pockit should do anything further to resolve Mr O's complaint. So, she didn't uphold the complaint.

Mr O disagreed. He asked for his complaint to be reviewed by an ombudsman. He said Pockit should provide a proper explanation for its actions and should give him back his money. So the matter has come 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 financial businesses as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. 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 is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether Pockit has treated Mr O fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focused on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. But I have read all Mr O's submissions.

I want to make it clear that I understand why what happened concerned Mr O. I've no doubt it would've come as quite a shock to him, and he would've been very worried to find out that his account had been blocked. But as the investigator has already explained, Pockit has extensive legal and regulatory responsibilities they must meet when providing account services to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime.

To comply with these obligations Pockit will review accounts and ask a customer to provide information about the activity on their account.

I've considered the basis for Pockit's review and having done so I find this was legitimate and in line with its legal and regulatory obligations. So, I'm satisfied Pockit acted fairly by blocking Mr O's account. And asked him to provide information about money that had been paid into his account. I appreciate that Mr O wants to know more about why Pockit did what it did. But Pockit isn't obliged to tell Mr O why it blocked and reviewed his account, and I don't believe it would be appropriate for me to require it to do so as much as he'd like to know.

The terms and conditions of Mr O's accounts also make provision for Pockit to review and suspend an account. And having looked at all the evidence, including the information Pockit has provided to our service in confidence, I'm satisfied that Pockit have acted in line with these when it suspended Mr O's account. So, although I understand not having access to his account caused Mr O trouble and upset it wouldn't be appropriate for me to award Mr O compensation since I don't believe Pockit acted inappropriately in taking the actions that it did when it blocked Mr O's accounts.

The result of the review was that Pockit decided they didn't want to provide financial facilities to Mr O anymore. Pockit wrote to Mr O in November 2024 to let him know that it had decided to close his account immediately.

It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, account facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank or financial business must keep customer or require it to compensate a customer who has had their account closed.

As long as banks and financial businesses reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. They shouldn't decline to continue to provide account services without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

Pockit have relied on the terms and conditions when closing Mr O's account. I've reviewed the terms, and they explain that Pockit can close the account without notice. For Pockit to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence that the bank has provided, including the information Pockit has provided to this service in confidence, I'm satisfied that Pockit did. And that it was entitled to close the account as it's already done. So, I can't conclude that Pockit treated Mr O unfairly when it closed his account.

The crux of Mr O's complaint is that he wants the money paid into his account returned to him. Pockit returned these funds back to source after asking him to provide information about his entitlement to the funds. I can see that Mr O told Pockit that £450 owes winnings from betting and the rest was made up of a gift from a friend and around £10 money he was owed from a friend, who was repaying him for a haircut. I've considered Mr O's explanation for the payments. But I have also considered the information Pockit has provided to our service in confidence about how Mr O was operating his account. Based on this, I don't find Pockit ought to have been satisfied Mr O was entitled to the funds in his account. And I don't find the need to refund any payments or pay him compensation.

Having looked at all the evidence, I'm satisfied Pockit reasonably complied with their terms and their legal and regulatory obligations by returning the payments to source. And given the information that has been provided to our service in confidence I'm satisfied that Pockit's decision to do so was fair.

So, I'm not requiring Pockit to compensate Mr O for any trouble and upset he may have experienced because Pockit blocked then closed his account, and the further dissatisfaction he experienced which ultimately flowed from not having access to the funds in his account, including his unhappiness with Pockit's communication and the information it didn't provide him.

In summary, I recognise how strongly Mr O feels about his complaint, so I realise he will be disappointed by my decision. But overall, based on the evidence I've seen I won't be telling Pockit to do anything more to resolve Mr O'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 Mr S to accept or reject my decision before 14 January 2026.

Sharon Kerrison

**Ombudsman**