

The complaint

Mr R complains that PSI-Pay Ltd unfairly decided not to issue a refund for several payments he reported as unauthorised. He's also unhappy about missing funds and that the firm restricted and later closed his Pockit account.

What happened

Both parties seem to have a clear understanding of the facts of this complaint, which aren't in dispute. So I'll only provide a summary. No discourtesy is intended by this. We aim for our decisions to be as concise as possible.

Around June last year, Mr R contacted PSI-Pay to dispute several payments out of his account. He says an associate (I'll refer to as "S") who had been living with him temporarily, stole his mobile device and accessed his Pockit app to carry out unauthorised payments. The payments in dispute took place between 29 May and 4 June last year, totalling over £700.

Mr R says his mobile device didn't have a passcode, and all the security information required to access the Pockit app was set up to autofill – allowing S to transact via the app and identify Mr R's PIN. Mr R reported the theft to the police and his phone was returned to him as part of the police's involvement.

PSI-Pay says it asked Mr R for more information and to carry out some actions following his report about unauthorised activity. The firm says he didn't respond so the matter wasn't pursued further. Mr R is unhappy the value of the disputed payments hasn't been refunded to him.

PSI-Pay restricted Mr R's account for review in September last year. The firm says it asked Mr R for information as part of its review but received no response, so it decided to close his account and return the remaining balance of the account to source. Mr R is unhappy that PSI-Pay decided to do so.

Mr R also raises a concern about several payments he made to third parties, that he says never credited their accounts. He's concerned the funds have been removed from his account despite this. Mr R wants all his funds returned and his account reopened.

After Mr R asked this service to independently review his complaint, one of our investigators concluded that PSI-Pay had acted fairly. Mr R disagreed, so the complaint has been passed to me for a final review.

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 understand that Mr R is vulnerable as he suffers from mental health conditions. And I'm aware from his submissions that he's experienced significant challenges in recent years,

which has been compounded by the issues surrounding this complaint. So I appreciate it will be difficult for him to hear that I'm not upholding this complaint – I'll explain why.

Disputed payments

The payments Mr R disputes include payments made directly to a retailer, bank transfers and ATM withdrawals. Mr R says that all the disputed payments were carried out by S, without his consent.

PSI-Pay can generally only hold Mr R responsible for the disputed payments if the evidence suggests it was more likely than not that the payments were authorised by him. Based on the information I've seen, I'm satisfied Mr R most likely authorised the payments he now disputes.

Mr R's main submission is that his phone and card were stolen by S, who was able to access the Pockit app because his security credentials were set to autofill. Pockit has informed us that the app could only have been accessed using a password or face I.D, and Mr R's PIN could have only been viewed after entering his security answer. Mr R claims all these details were set up to autofill.

However, I've seen no evidence that sensitive information such as Mr R's password can autofill on the app in the way that he says, allowing S to have unauthorised access. So I can only reasonably conclude that Mr R either shared access to the app with S or another known third party, or that it's likely he carried out the transactions himself.

Looking at the period Mr R says he was without possession of his phone, I can see multiple card payments as well as transfers to other third parties during this period that Mr R doesn't dispute. And at least one of the third parties was an existing payee, that Mr R seems to have also sent funds to prior to the dispute period.

If, as Mr R says, S had possession of his phone and card during this period, it seems unlikely to me that S would carry out payments to other third parties, as it's unlikely that this would have benefited S in any way. Moreover, the pattern of disputed payments doesn't fit the profile of someone who is acting fraudulently and seems to fit the typical activity of Mr R's account. So I'm not persuaded that S carried out these payments without Mr R's consent.

I can see from Mr R's submissions that he did involve the police at the time, which seems to have facilitated the return of his mobile device. However, I'm mindful that the prosecution of S wasn't pursued and Mr R says S had carried out something similar in the past – yet he allowed S to temporarily stay in his property. Looking at the police report, Mr R seems to have had contact with the police using the same number as the SIM card that was in the mobile device he says had been stolen. And Mr R hasn't been able to provide us or the police with a plausible explanation of how this was possible.

Moreover, Mr R seems to have been inconsistent with his testimony and the timeline he's provided us. This includes that he was able to communicate with PSI-Pay via the Pockit chat service on 4 June, despite the police report indicating that the police was still in possession of his mobile device at least until 9 June. Mr R has since advised that he had used an associate's device to reach out to Pockit, but I haven't seen any evidence to conclude this is plausible. Mr R also recently advised us that S had some authorised access to his mobile device prior to the alleged theft, but didn't have consent to access his Pockit app. This is also inconsistent with his earlier submissions to us. Furthermore, PSI-Pay's records show that S was added as a payee several weeks before the disputed payments took place.

Given the inconsistencies and the other evidence I've highlighted, I'm not persuaded that the transactions Mr R disputes were most likely unauthorised. So I'm not asking PSI-Pay to issue a refund.

Missing funds

As our investigator pointed out, the funds Mr R says are missing from his account aren't in fact missing. I can see from the records PSI-Pay has provided, the transfers Mr R refers to were all unsuccessful. This explains why the relevant third-party payees never received the funds. As PSI-Pay's records show these payments were declined and the funds never left Mr R's account, I won't be asking the firm to do anything more regarding this issue.

Account restriction and closure

PSI-Pay is strictly regulated and must take certain actions in order to meet its legal and regulatory obligations when providing account services to customers. Those obligations can broadly be summarised as a responsibility to know its customer, monitor accounts, verify the source and purpose of funds, as well as detect and prevent other harm.

To comply with its legal and regulatory obligations, financial businesses will review customer accounts, which can either be periodic, or event driven. And this sometimes requires the firm to restrict the account during its review. Having looked at all the evidence and information in this case, I'm satisfied that PSI-Pay's reasons for review were done in line with its obligations.

It's generally for financial institutions to decide whether or not to provide, or to continue to provide, account facilities to any particular customer. Each financial institution has its own criteria and risk assessment for deciding whether to open or close accounts.

Providing an account to a customer is a commercial decision that a financial institution is entitled to take. Unless there's a good reason to do so, this service won't usually say that a firm must keep a customer. However, a firm should still make sure it hasn't exercised its discretion for plainly unfair reasons, or that it was due to a mistake, and it should still comply with its terms and conditions.

The terms and conditions that applied to Mr R's account set out that PSI-Pay could close his account in the way that it did and that it can return any remaining funds to source. I can see that PSI-Pay tried to contact Mr R for further information as part of its review, but it was unsuccessful. And having considered Mr R's explanation about the use of his account, I'm not persuaded that this information would have altered the firm's position.

I appreciate Mr R would have experienced some difficulty, as the funds that were returned to source included benefit payments. However, I'm satisfied PSI-Pay acted fairly when it decided to close Mr R's account and return the remaining balance to source. So I won't be asking PSI-Pay to reopen the account or pay compensation.

I've accepted the information PSI-Pay has provided in confidence - which establishes its reasons for closing Mr R's account and returning the funds to source. The description of that information is it is of a commercially sensitive nature, and I'm satisfied it shows PSI-Pay closed Mr R's account fairly.

In summary, I've not seen anything that persuades me that Mr R has been treated unfairly by PSI-Pay. So I won't be asking the firm to do anything.

My final decision

For the reasons explained above. I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 28 November 2025.

Abdul Ali
Ombudsman