

The complaint

Mr A complains that PayrNet Limited closed his account and sent money that had been paid into his account back to source. Mr A wants the money returned to him and compensation.

Mr A held a Rizq branded account – who provided services on behalf of PayrNet.

What happened

PayrNet has advised that its relationship with Rizq has broken down, which has led to difficulties obtaining and providing information to this service regarding this complaint.

For ease of reading, I'll refer to Rizq in this decision.

Mr A has said that he used his Rizq account to receive DWP payments and money from his family. He's explained that in early 2021, he sent £470 to his girlfriend's bank account, and following this transaction Rizq blocked and closed his account.

Mr A says that his girlfriend's bank, which I will refer to as B, returned the £470 to Rizq. But when Rizq closed his account, it never returned the money in his account, which he says was around £500 and included the £470 that he had sent to his girlfriend's account.

Rizq reviewed Mr A's account after it had received a fraud report from B concerning funds which had been paid into Mr A's account and then transferred to Mr A's girlfriend. B said that their customer had been the victim of a scam and that several payments into Mr A's account amounting to around just under £500 had been made fraudulently. B's customer said they had ordered clothing from Mr A via a well know social media website and hadn't received anything after she'd sent money to Mr A's Rizq account between 5 and 13 December 2020.

Rizq didn't question Mr A about the money that had been paid into his account by bank B's customer. It sent the balance of Mr A's account back to source. Mr A complained to Rizq and asked it to return his balance to him. In response, Rizq said it suspected Mr A had committed fraud and they hadn't done anything wrong when it sent the money back to source. It also said that it had blocked and closed Mr A's account in line with the terms and conditions of his account. Unhappy with this response Mr A brought his complaint to our service where one of our investigator's looked into it.

Mr A said that Rizq's actions had caused him a lot of trouble and upset. He said that he had to use food banks and borrow money from others to get by. He said the whole situation took a toll on his mental health and left him feeling depressed. He wants Rizq to refund him the money that he says was in his account when it was closed and pay him compensation.

The investigator asked Rizq to provide more information about why it hadn't returned the money to Mr A. But it didn't provide anything further. Based on the limited amount of information Rizq had provided, the investigator didn't think Rizq had treated Mr A fairly when it returned the money to source. To put things right she said Rizq should refund the money

that had been paid into his account, pay him 8% interest for loss of use of the funds and £150 compensation for the trouble and upset the matter had caused him.

Mr A agreed. Rizq disagreed and said it was complying with its legal and regulatory obligations when it returned the money that had been paid into Mr A's account back to source. And had closed his account in line with the terms and conditions.

As no agreement could be reached the matter has come to me to decide.

Due to the limited amount of information that had been provided. Prior to issuing my decision I asked Rizq and Mr A for some more information. I asked Rizq to provide a copy of the fraud report it had received from bank B and the Mr A's account statements. I asked Mr A to provide evidence of his account balance and entitlement to the money paid into his account. I also asked him if he received payments for goods he sold and how he knew the individual (B's customer) who had sent him the payments in December 2020.

In response, Rizq provided a copy of the fraud report and a spreadsheet showing approved and declined transactions on Mr A's account between December 2020 and 14 April 2021. Mr A said that he wasn't involved in selling anything and had already provided evidence of the money he had in the account. He said that the person who had sent the payments was his girlfriend's aunt and provided a contact number for the investigator to call. The investigator tried to call the number Mr A provided but it was unavailable.

As no agreement could be reached the complaint came to me to decide. After reviewing all the evidence and arguments I issued a provisional decision in which I said the following:

Where there is a dispute about what happened – as there is here, and the evidence is incomplete, inconclusive, or contradictory, we reach our conclusions on the basis of what we consider is most likely to have happened having considered the available evidence and wider circumstances.

Account review and closure

Rizq are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. They're also required to carry out ongoing monitoring of new and existing relationships. That sometimes means they need to restrict customers' accounts – either in full or partially while they carry out their review and ask its customer for information. The terms of Mr A's account also permit Rizq to restrict an account. This means Rizq is entitled to block and review an account at any time.

Having looked at all the evidence, including the information Rizq and Mr A has now provided to this service, I don't believe it was unreasonable in the circumstances for Rizq to block Mr A's account. Fraud is a serious matter, and one way financial businesses and banks can help to tackle fraudulent payments is by restricting accounts when allegedly fraudulent payments are received into them. And that's what happened here.

Rizq has explained that this was its standard procedure, and I accept that it was. That's in line with what most financial businesses would do in the same situation. It also enabled Rizq to consider how best to react to the report it had received from bank B and what Mr A told them about the payment he made to his girlfriend. I'm also satisfied that in doing so Rizq were complying with its legal and regulatory obligations. So, whilst I accept, that Rizq's actions caused Mr A inconvenience when it blocked his account, I can't say it did anything wrong and treated him unfairly in doing so.

I then turn to Rizq's decision to close Mr A's account. Rizq have relied on the terms and conditions when closing the account. The terms explain that it can close the account immediately. Having looked at all the evidence, including how Mr A was operating his account, in my view that was reasonable. So, it was entitled to close the account as it has already done.

The crux of Mr A's complaint is that he wants Rizq to refund him the money that was paid into his account, that he then sent to his girlfriend, along with any other money that was in his account. Due to the breakdown of the relationship between Rizq and PayrNet unfortunately there's only limited information available to evidence what happened regarding the money.

From looking at a screenshot of an email dated 14 January 2021, that Mr A's girlfriend received from her bank, Mr A appears to have sent the payments he received from bank B's customer to his girlfriend. Once it was notified of the fraud report, her bank then sent the payments back to a central account at Rizq who have then returned the money back to bank B.

Rizq has provided the fraud report it received about the money that was paid into Mr A's account and a spreadsheet showing transactions on his account. It has also provided a screen shot showing money was returned to source. Mr A has said he can't provide anything showing his entitlement to the money that was paid into his account and sent to his girlfriend. He also hasn't been able to show exactly what money he had in his account at the time. In response to questions asked by the investigator, he said he wasn't a 'seller' and the person who sent him the money was his girlfriend's aunt. And he's provided a phone number for us to call check this information.

Based on the fraud report received from bank B, the money paid into Mr A's account appears to have been made up of eight payments that were sent to Mr A's account between 6 December 2020 and 13 December 2020. The report shows that bank B's customer is aware of Mr A's name – his first name and surname, and states that Mr A instructed her to make payments into his Rizq account instead of another account for shoes and clothing she ordered from Mr A via a social media website. The report also states that bank B's customer is no relation to the beneficiary – Mr A, which I find odd given what Mr A has said about his relationship with the person he says sent him the money – that it was his girlfriend's aunt. I note too that the investigator rung the telephone number Mr A provided for his girlfriend's aunt, but this was unobtainable. So, the investigator hasn't been able to verify Mr A's explanation.

Mr A has said he isn't a 'seller' when the investigator asked him. But this is contrary to what the fraud report states was the reason Mr A received the payments from bank B's customer. I note too that Mr A hasn't offered any other explanation for why he received the payments from bank B's customer. Despite being asked by the investigator, he's not provided any evidence to support his entitlement to the money that was paid into his account – which includes the money he sent to his girlfriend. I can understand that this would be difficult given the time that has now elapsed, which is why I requested the investigator to ask Mr A some more questions. But the investigator hasn't been able to verify what Mr A has told us via the phone number he provided. This makes it very difficult for me to place much weight on what he's said. Without any evidence to show that Mr A was entitled to the money he sent to his girlfriend, I do not find I can fairly ask Rizq to refund the money to Mr A.

Rizq sent the funds back to source. This ensures the funds are sent back to the correct person. Based on the evidence I've now seen, when I weigh everything up, I agree that this was the right action in the circumstances. So, I can't say Rizq has treated Mr A unfairly in doing so and I won't be asking Rizq to refund this money to Mr A.

Our investigator asked Mr A to provide more details about how much money was in his account when it was closed – he said he had around £500 in his account at the time, which included the returned money. Unfortunately, Mr A wasn't able to provide any evidence of what his balance was at the time. Rizq has also not provided any information about Mr A's closing balance. Without any evidence, of what exactly was in Mr A's account at the time and his entitlement to any funds in the account, it is difficult for me to say Rizq has done anything wrong by not returning Mr A's balance to him. So, I don't consider that I can fairly direct Rizq to return any money, to Mr A.

In summary, I understand that this will be disappointing for Mr A but given the above I don't consider Rizq needs to do anything.

Neither Mr A nor Rizq responded to the provisional decision.

Now both sides have had an opportunity to comment I can go ahead and issue my final decision.

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.

As neither party has provided any further information or evidence for me to consider I see no reason to depart from my findings set out in my provisional decision.

In summary, I recognise how strongly Mr A feels about what's happened, and I don't doubt it was a frustrating and upsetting time. So, I realise he will be disappointed by my decision. But I see no reason to depart from my provisional findings. I remain of the view that this complaint should not be upheld for the reasons set out in my provisional decision, which are repeated above and form part of this decision.

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 A to accept or reject my decision before 3 January 2024.

Sharon Kerrison
Ombudsman