

The complaint

Mr S complains that PrePay Technologies Limited reviewed and then closed his account. He says this caused him unnecessary stress and worry for which he should be compensated.

What happened

Mr S had an account with Monese, one of PrePay's agents. As the overall agreement was with Monese, and for ease of reading, I'll refer to Monese in this decision.

On 10 September 2022, Monese reviewed Mr S's account. Whilst it did this Monese blocked the account, which meant Mr S wasn't able to use the account or access any funds that were in it. Mr S discovered that he was unable to use his account when he tried to log on to his internet banking. Believing it to be a technical issue he contacted Monese to try and find out what was happening. Monese explained that it was reviewing his account.

Mr S contacted Monese and explained that he needed to access his wages which had been paid into his account to pay for everyday expenses and his rent. But Monese said it couldn't release any funds to Mr S until it had completed its review. Monese subsequently decided to close Mr S's accounts immediately and released Mr S's balance to him on 5 October 2022.

Mr S complained to Monese. He explained that the bank's actions had caused him a great deal of stress and that he wasn't able to go to work as he had no money to pay for his travel costs. He also said that he came close to being evicted from his home due to not having enough money to pay rent and had to borrow money for food. So, he said Monese should pay him compensation for the trouble and upset it caused by blocking his account. In response, Monese said it hadn't done anything wrong and had blocked Mr S's account to comply with its legal and regulatory obligations.

Unhappy with this response, Mr S brought his complaint to us. He said the block on his account and lack of access to his funds caused him a lot of problems. He explained that Monese's actions had led to sleepless nights, losing work and made his life a nightmare.

One of our adjudicator's reviewed Mr S's complaint. She said Monese had acted in line with their legal and regulatory obligations when it blocked Mr S's account. And had closed it in line with the account terms. But she thought Monese should have allowed Mr S access to his wages. So, she said Monese should pay Mr S £100 for the trouble and upset Mr S had been caused by not having access to his salary.

Mr S agreed. Monese disagreed and said it hadn't done anything wrong when it blocked and closed Mr S's account. It said it had done so in line with its legal and regulatory obligations and had completed everything quickly. So, it didn't agree Mr S was entitled to any compensation.

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

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. Some of the information Monese has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr S, but I'd like to reassure him that I have considered everything.

I appreciate that Mr S is upset that Monese blocked his account. I can also understand that this was no doubt stressful for him especially as the bank's actions made it difficult for him to sleep and caused him to worry about being evicted. But for me to uphold this complaint, I must be satisfied that Monese has done something wrong. And in this case, I don't think it has. I'll explain why.

Monese 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.

Having reviewed all the evidence, including how Mr S was using his account, I'm satisfied that Monese were acting in line with its legal and regulatory obligations when it restricted Mr S's account. The terms and conditions of Mr S's account also permit Monese to restrict access to accounts. So, although I understand not having access to his account caused Mr S trouble and upset it wouldn't be appropriate for me to award Mr S compensation since I don't believe Monese acted inappropriately in taking the actions that it did when it blocked his account. So, it wouldn't be appropriate for me to award Mr S any compensation since I'm satisfied that Monese haven't acted inappropriately in taking the actions it did.

I know Mr S feels Monese should have allowed him access to his salary payments that had been paid into his account, but that wasn't the only money in Mr S's account. And it is important banks and financial businesses complete thorough investigations to ensure they're adhering to their legal and regulatory obligations. I understand it was inconvenient for Mr S not to have access to his wages, but based on the evidence I've seen, I'm satisfied Monese were complying with their obligations when not allowing him access to his wages (and other funds). And I think they carried out the review, and removed the restriction, in a timely manner.

I've next gone on to consider whether Monese acted fairly when it closed Mr S's account. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep customer or require it to compensate a customer who has had their account closed.

Monese have relied on the terms and conditions when closing Mr S's account. The terms explain that the bank can close the account immediately. Having looked at all the evidence, including how Mr S was operating his account, in my view that was reasonable. So, it was entitled to close the account as it has already done. I've also kept in mind that Mr S had access to several other accounts, which would've minimised the impact of the immediate closure. So, I can't say Monese have acted unfairly in taking the actions it did.

In summary, I appreciate that it was upsetting and stressful for Mr S when Monese blocked and closed his account. So, I realise Mr S will be disappointed by my decision. But overall, based on the evidence I've seen, I can't say Monese has acted unreasonably and treated Mr S unfairly when it blocked and closed his account. So, I won't be asking Monese to do anything, and I don't think this complaint should be upheld.

Monese accepted my provisional decision. Mr S didn't respond.

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 appreciate that Mr S will be disappointed by my decision, but 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 S to accept or reject my decision before 12 December 2023.

Sharon Kerrison
Ombudsman