

The complaint

Mr D complains that PayrNet Limited closed his account without giving a reason and returned the remaining funds to their sender.

What happened

Mr D had an account with an agent of PayrNet. To keep things simple, I'll just refer to PayrNet in this decision. In August 2022, PayrNet suspended Mr D's account while it carried out a review. Two days later, it decided to close Mr D's account. PayrNet says it did this because Mr D was using his account to facilitate transfers to other bank accounts. PayrNet returned some funds to Mr D. But it said it planned to return the remaining £484.44 to their source.

Dissatisfied, Mr D referred his complaint to us.

I issued my provisional decision on this complaint on 15 November 2023. I didn't think the complaint should be upheld.

PayrNet had asked Mr D for information about a payment out of the account. Mr D said it was a rent payment, and provided a copy of a rental agreement. The name of the landlord on that agreement didn't match the name on the account Mr D paid the money to. PayrNet asked Mr D about this. Mr D told PayrNet this was because he'd paid the landlord's agent – who was going to pay the funds to the landlord.

But Mr D gave us a different explanation of what had happened. He says the person he tried to pay was a housemate he shared another property with. He sent us another tenancy agreement – between this housemate and another landlord. He also sent us correspondence showing that at the time of this payment he was behind on his rent.

Based on this, I thought Mr D had tried to mislead PayrNet about the purpose of the payment. I didn't think I could place much weight on what he'd said happened. With this in mind, I didn't think PayrNet acted unfairly when it closed his account. And I thought PayrNet had grounds to do so immediately.

For similar reasons, I thought PayrNet could return the funds to their source. I'd only expect PayrNet to do so if it had good reasons to suppose Mr D wasn't entitled to them – and here Mr D appeared to have misled PayrNet about what he was using these funds for. I said that if Mr D felt he was still entitled to the remaining £484.44 he should continue raising this with the recipient.

I said I'd consider any further comments I received by 13 December. PayrNet has confirmed that it has received this information.

Mr D has responded to say he disagrees with my conclusions. He denies misleading PayrNet. He says he presented the tenancy agreement with his name on it when requested to show the money was his rent money and needed it urgently for his rent. He then provided the other tenancy agreement to show us why he was made the payment to the other third

party. He thinks he is still entitled to the remaining funds.

I've therefore considered the complaint afresh.

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've carefully considered the points Mr D has raised. But these don't change my conclusions. I'll explain why.

Mr D suggests there's been a misunderstanding – that he provided information to PayrNet to show he urgently needed the funds to pay rent, and provided different information to us to show why he'd paid the funds to the third party named on the other rent agreement.

I've therefore considered the transcript of the conversation between PayrNet's agent and Mr D. On 1 August, Mr D told PayrNet the payment was for rent. The next day, PayrNet's agent asked Mr D to provide a copy of the tenancy and rental agreement. Mr D then sent PayrNet the tenancy agreement between himself and a landlord. PayrNet then asked Mr D why the name of the landlord wasn't the same as the person he was sending the money to – and named the beneficiary. Mr D replied

“Basically, I sent 1k to [third party] because his the middle agent and that how have been always send him the rent money so he can send it to the landlord and also because he already got lanlord account on his account. So its much easier.”

I recognise this will be disappointing to Mr D. But I don't accept there was any misunderstanding here. PayrNet asked clear questions about the payment, and Mr D replied that the person he was sending the funds to was the agent of the landlord named on his tenancy agreement. This is plainly at odds with the explanation he's subsequently provided to this service. I'm satisfied that, for whatever reason, Mr D gave PayrNet information that wasn't right. PayrNet has also said it has concerns with Mr D's use of the account. Given everything Mr D and PayrNet have told us, and the concerns PayrNet had, I can't say PayrNet acted unfairly in closing the account or returning the funds to source.

Mr D says that PayrNet returned the funds to the wrong account. He says funds in the account were in two parts: a state benefit payment, and money that was paid into the account by a friend. (Mr D says he'd paid cash to the friend, who in turn transferred this amount to his account with PayrNet). Mr D says the funds PayrNet have already returned to him relate to the state benefit payment – and so that the remaining £484.44 should have been paid to his friend.

I understand Mr D's position. But in this decision, I can only consider Mr D's complaint about PayrNet. I've concluded that PayrNet didn't need to pay the remaining funds to Mr D. But I'm not in a position to say whether the government department or Mr D's friend is instead entitled to these funds – and nor can I make an award to a third party. And when money is paid into a payment account, it's mixed together. I can only suggest that Mr D continues to raise this with the government department.

For all these reasons, I reach the same conclusions as my provisional decision. I don't uphold the complaint and I'm not going to tell PayrNet Limited to do anything further.

My final decision

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 28 December 2023.

Rebecca Hardman
Ombudsman