

## **The complaint**

Mr M complains that PrePay Technologies Limited trading as Monese closed his account. He would like the account reopened and compensation.

## **What happened**

The facts which led to Mr M bringing his complaint to our service are well known to both parties, so I am not repeating them in full here.

In summary Monese blocked Mr M's account and later closed it. And withheld the remaining balance on his gift card. Mr M has confirmed his balance on his gift card amounting to £162 has been returned to him. Mr M says he would like us to look into the closure of his account. Mr M has said he would like his account reopened and compensation.

Our investigator concluded Monese were entitled to close the account but should have given Mr M 60 days' notice and awarded compensation of £100 for the inconvenience.

Mr M confirmed he had received the balance on his gift card. Our investigator thought Mr M should be compensated for the delay in being able to access his funds and awarded compensation of 8% on the balance from the date the amount was withheld until the date it was paid back to Mr M.

Mr M agreed with the view. Monese disagreed they said they were entitled to close the account with immediate effect. They were willing to pay 8% interest on the gift card balance to settle the dispute. Mr M wasn't happy to accept that.

As there was no agreement 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'll start by setting out some context for the review of Mr M's account. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations. I am satisfied Monese were complying with these obligations when they reviewed Mr M's account and blocked it in the process.

As the investigator has already explained, 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 I'm satisfied that Monese were acting in line with its legal and regulatory obligations when it restricted Mr M's

account in July 2022. I understand not having access to Mr M's account caused him inconvenience, but it wouldn't be appropriate for me to award Mr M compensation since I don't believe Monese acted inappropriately in taking the actions that it did when it blocked and reviewed Mr M's account.

Monese decided to close Mr M's account and gave Mr M notice of the immediate closure of the account on 6 September 2022.

Monese can close accounts in certain circumstances, and it sets this out in the terms and conditions of accounts. I've looked at the terms relating to Mr M's account, and they state Monese can close an account immediately – or give notice of around two months. Monese closed Mr M's account immediately.

Having reviewed all the information Monese has provided, I would expect to see stronger evidence than Monese has provided about why it closed Mr M's account immediately. I say this because Mr M has provided evidence to show that he purchased the gift cards using transfers from another account with a bank I will call bank B. There's no evidence to suggest Mr M dishonestly procured the funds going through the account.

Mr M has provided us evidence of what he used the gift cards for, which I can see are for everyday spending including groceries and clothes and meals out. The spending suggest Mr M was using the gift cards for his own personal use.

Monese asked Mr M for information for the purposes of knowing your customer checks. I understand Mr M didn't provide the information, but even given this, I don't think Monese had enough to close the account immediately.

Taking all of this into consideration, I have seen nothing that convinces me an immediate closure was warranted under the terms and conditions. Having looked at what's happened here, I think Monese should have given Mr M more notice. And Monese should pay Mr M £100 for the inconvenience caused to him regarding the immediate closure.

Mr M had to wait a long time to get access to the balance on his gift card. Monese agreed that Mr M was entitled to the balance of £162 and returned the balance to him in January 2023. I think Mr M should have had access to this money sooner. Because of this I think Mr M should receive compensation for being deprived of his funds. I think Monese should pay him 8% interest on the funds from the date Monese blocked Mr M's account to the date they returned the balance to him.

### **My final decision**

For the reasons stated above I uphold the complaint. I require PrePay Technologies Limited trading as Monese to pay Mr M

- £100 compensation for the inconvenience of closing his account with immediate effect
- 8% interest on the balance on his gift card from the date the account was blocked until the date the payment was returned to him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 31 January 2024.

Esperanza Fuentes  
**Ombudsman**