

The complaint

Mr M complains that PSI-Pay Ltd (PSI) blocked his account.

What happened

Mr M had a payment card from PSI. On 24 December 2022, he contacted PSI and said that four transactions on his account totalling £176.80 - were unauthorised. On 30 December 2022, PSI refunded these.

On 30 December 2022, PSI cancelled Mr M's card for security reasons and he obtained a new card on the same day. There were a further eight unauthorised transactions later that day. PSI investigated and refunded these on 6 January 2023 – a total of £151.60.

Mr M asked that the balance of £166.95 be transferred to his bank account (A) on 6 January 2023. The payment was made on 30 January 2023, but Mr M then advised PSI that bank account A had been closed, and asked for the payment to be recalled and paid to bank account B. Bank A returned the funds and PSI paid £166.95 to bank account B on 8 February 2023. PSI made the decision to close Mr M's account on 15 February 2023.

Mr M complained. He said PSI had blocked his account unreasonably. As a result, he was left without £166.95 for the period – and couldn't pay for gas and electricity at his house. He said this was unacceptable and asked for compensation of £250.

PSI sent a final response to Mr M on 15 February 2023. It detailed the sequence of events. They said the transfer to bank account A was delayed (between 6 January 2023 and 30 January 2023) while they reviewed Mr M's account. During that time, Mr M had raised many requests with PSI as to why the payment had been delayed. The payment was then made on 30 January 2023, but then Mr M said bank account A had been closed and so the funds were returned to PSI on 8 February 2023. PSI then paid them to bank account B on the same day.

Mr M brought his complaint to us. Our investigator didn't uphold it. He said PSI had suspended Mr M's account while they investigated the unauthorised transactions. They could restrict access to the account while their investigations were carried out – and the terms and conditions said they could do that. PSI made the decision to close Mr M's account on 15 February 2023.

Mr M asked that an ombudsman look at his complaint, and so it has come to me to make a 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.

I can see that PSI had some concerns about Mr M's account in view of the number of unauthorised transactions on it. There were four disputed payments totalling £176.80 –

refunded on 30 December 2022. Mr M then took a new card on the same day and there were a further eight disputed transactions straight away – and £151.60 was refunded on 6 January 2023. I can see that PSI undertook a number of checks at the time. I think that was quite reasonable - as they wanted to be sure Mr M's account hadn't been compromised or even whether he may have been the victim of identity theft. In the end, they satisfied themselves and refunded the money.

Mr M then asked for the balance of £166.95 to be paid to his bank account A – on 6 January 2023. Given the nature of what had happened, PSI wanted to carry out some further checks – and didn't make the payment until 30 January 2023 – during which time they held back the payment from Mr M's account. It is this period which Mr M complains about – as he says he needed the money to live. I can see, and PSI have told us, that given the background to the previous claims for refunds, they wanted to carry out further checks – and several managers reviewed Mr M's account. Looking at what had happened, I think that was a reasonable thing for PSI to do. Firms sometimes need to carry out such checks to protect both themselves and customers.

And here, PSI were acting in line with the terms and conditions - which I reviewed. These include (I don't quote all of the clauses here):

"We may at Our discretion suspend or otherwise restrict the functionality of Your Payz account and Your right to request Transactions and receive eMoney transfers or close Your Payz account at any time including but not limited to for any of the following reasons:

- We suspect unauthorised or fraudulent use of Your Payz account or that Your Payz account has been accessed without Your authorization;*
- We have reasonable grounds to believe that You have seriously or persistently broken any provision of these Terms of Use;*
- You inappropriately let someone else use Your Payz account;*
- We have reasonable grounds to believe that Your Payz account has been used in connection with unauthorised or unusual credit/debit card or bank account use, including without limitation, notice of the same by Your bank or credit/debit card issuer;*
- You abuse the reversal or chargeback process through Your bank or credit card company;*
- We believe that Your Payz account or activities pose a security, credit or fraud risk to Us;*
- We are complying with money laundering or terrorist financing investigations conducted by government authorities, agencies or commissions;*
- You put Us in a position where We might break a law that applies to Us if We continue maintaining Your Payz account..."*

So – PSI were acting in line with the terms and conditions.

There was a further delay in the payment from 30 January 2023 to 8 February 2023 – this was because Mr M closed his account with bank A and the funds were returned to PSI. PSI then paid them to Mr M's other account at bank B. So – that part of the delay wasn't anything to do with PSI, so I set that aside.

But considering the time to make the first payment – which took from 6 January 2023 to 30 January 2023 - I think PSI acted reasonably and in line with the terms and conditions. Therefore, I am not asking them to do anything here.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 6 September 2023.

Martin Lord
Ombudsman