

The complaint

Mr J complains Wirecard Card Solutions Limited unfairly blocked his Pockit account and stopped him accessing his funds. He says they should return the funds and pay him compensation.

What happened

Mr J held a Pockit account. Each month he received a benefit payment into his account which he paid on to other accounts.

Wirecard blocked Mr J's account in early January 2020 to carry out a review. They asked him for further identification and information to verify the benefit payments he received. Mr J says he provided what they asked for. He redirected subsequent benefit payments to another account he holds elsewhere. The Wirecard account remained blocked.

Wirecard say they decided to return the funds they held to the payer in September 2021, which in this case was the Department of Work and Pensions (DWP).

Mr J says the service he received from Wirecard during the course of this matter has been very poor. He also says not accessing the money in his account led to him experiencing financial problems and detriment. He has told us he has a disability and relies on his benefit payments for essential needs.

Our investigator sent two views during the course of their investigation. In their first view they found:

- Wirecard hadn't provided enough information to show it was fair to return the funds to the DWP. They had also caused an unreasonable delay.
- Wirecard should refund the account balance as it stood when they blocked Mr J's account and add 8% simple interest per annum to that sum up until the date of settlement.
- Wirecard should pay £250 to compensate Mr J for the trouble and upset they caused him.

Wirecard initially accepted the outcome and they made a payment to Mr J. But Mr J contacted our service and said the sum he received didn't represent the total sum Wirecard had agreed to resolve the complaint. Wirecard had paid the £250 plus 8% simple interest but they decided they wouldn't repay the account balance.

Wirecard said they had fairly returned the account balance to the DWP. Our investigator asked Mr J for more information on why he had sent a benefit payment to the company. He said he couldn't recall exactly why, but it was likely to pay a loan or a bill. He also provided evidence from the DWP which showed they told him they hadn't received the payment back from Wirecard.

Following further contact from our investigator Wirecard made an offer to pay a further £150 in addition to the sum they had already paid Mr J. They acknowledged they had caused further delays. But they still refused to repay the account balance.

Our investigator reconsidered the complaint again and upheld it. They found:

- Wirecard had an insufficient basis to conclude Mr J wasn't entitled to the benefit payments, so it was unfair for them to have returned the funds to the DWP. The evidence available indicated Mr J was entitled to the benefit payment.
- Wirecard still needed to return the remaining account balance to Mr J and calculate 8% simple interest per annum on that sum until the date of settlement. They should also pay him the £150 they offered to make up for the further trouble and upset they caused him.

Mr J responded and said he should receive a larger sum due to financial losses he experienced. Our investigator explained that he would need to provide evidence of financial loss caused by not having access to the funds. Mr J asked for a final decision from an ombudsman, so his complaint was given 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 have decided to uphold Mr J's complaint, but I am not awarding any further compensation than what our investigator recommended. I'll explain why.

Wirecard were entitled to review Mr J's account and initially block access to his funds. I appreciate Mr J was unhappy with Wirecard taking this action, which is understandable. But I find Wirecard were complying with their legal and regulatory responsibilities, and their decision to block the account and ask for further information from him was reasonable.

Wirecard should ensure they carry out a review without undue delay. After all, the longer a customer doesn't have access to funds, the greater the financial harm they may suffer.

Wirecard took an unreasonable length of time to complete their review and they ought to have reached a decision on what to do with the funds long before they did. I see they held on to the funds from January 2020 to at least September 2021, which was when they say they returned the funds to the DWP. And, based on the information and evidence they provided I don't find taking this length of time was justified.

Wirecard provided a screenshot from their system which they say shows the funds were sent back to the DWP. But Mr J sent us evidence which shows the DWP investigated whether the payment was returned, and they confirmed it wasn't. So, I find it's unlikely that Mr J received his funds back.

Generally, a firm cannot go against their customer's mandate and debit funds without their consent. Sometimes, however, returning funds to source is a reasonable action to take to comply with legal and regulatory obligations. But Wirecard needed to have a good evidential basis to justify returning the funds and this is where I find them wanting.

I have considered Wirecard's reason for being concerned about the payment, but by itself this wasn't enough to return the funds back to the DWP and not release them to Mr J. And, based on the information I have seen, Mr J was entitled to the benefit payment. The DWP have been communicating with him about the payment in question and whether it was returned to their account.

Mr J says he suffered financial loss because of Wirecard's actions. It's possible he diverted other funds to pay for rent and other expenses as a consequence of not having access to the balance in his account. And it's also possible he had to use a credit card and borrow money from other sources which he had to pay back with interest. But it's for him to show sufficient proof to verify these losses, and I don't find he has.

Mr J also did use at least one previous benefit payment paid into his Pockit account to pay a company he had a connection with at the time. So, I have some doubt that he intended to use the last benefit payment he received for personal expenses. I find awarding 8% simple interest is enough to compensate him for not having use of the funds when he should have.

Mr J says the level of compensation the investigator recommended isn't enough to act as a stern message to Wirecard. But my role is not to award compensation to penalize or punish Wirecard for their failure.

On balance I find £400 is a fair sum to compensate Mr J for the trouble and upset he experienced by not having his funds returned to him. I agree this must have been a very frustrating time for him. This sum includes the £250 Wirecard already paid him, which leaves Wirecard still to pay him £150, unless they have already done so.

Putting things right

Subject to Mr J accepting this final decision, I direct Wirecard Card Solutions Limited to:

- Pay Mr J £1,101.28 by bank transfer to Mr J.
- Pay 8% simple interest per annum on the above sum from 4 January 2020 until the date of settlement. I am aware the previous payment Wirecard paid to Mr J comprised some of the 8% interest on the above sum calculated to a specific date. So Wirecard are entitled to deduct the previous simple interest sum they paid Mr J from the total simple interest calculation.
- Pay Mr J a further £150 to make up for the trouble and upset they caused him (unless they have already done so), which would bring the total sum they have paid him for trouble and upset to £400.
- Pay the total above amounts to Mr J within 28 days of him accepting this decision.

My final decision

I have decided to uphold this complaint and subject to Mr J accepting my decision Wirecard Card Solutions Limited need to pay Mr J redress in accordance with my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 24 June 2022.

Liam King
Ombudsman