

The complaint

Mr S is unhappy that Stripe Payments UK Limited closed his account unreasonably and without notice.

What happened

On 5 January 2021, Stripe Payments closed Mr S's account with them without any prior notice to Mr S. Stripe explained that it had conducted a review of Mr S's account and suspected that it wasn't in compliance with its service agreement, and specifically that it presented a level of risk for customer disputes that Stripe would be unable to support.

Mr S wasn't happy about this, so he raised a complaint. Stripe looked at Mr S's complaint and agreed that it had closed his account in error. Stripe apologised to Mr S for this and reopened his account. Stripe also offered to provide fee free processing on the next £1,000 that Mr S processed through them as a gesture of goodwill.

Mr S wasn't satisfied with Stripe's response, especially as the closure of his account had caused him to open an account with another service provider, meaning that the offer of fee free processing by Stripe was effectively worthless to him. So, he referred his complaint to this service.

One of our investigators looked at this complaint. But they felt that Stripe's terms and conditions, which included a clause that Stripe could terminate an account at any time and for any reason, meant that Stripe's actions in closing Mr S's account as they did were legitimised. As such, they didn't feel that Mr S was eligible for any form of compensation, as he was seeking, and therefore that the response that Stripe had already issued to Mr S represented a fair and reasonable resolution to what had taken place.

Mr S remained dissatisfied, so the matter was escalated to an ombudsman for 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 issued a provisional decision on this complaint on 2 November 2021 as follows:

It's within the remit of this service to instruct against a business if that business has acted within its stated terms and conditions but an unfair outcome has occurred as a result. This is because the remit of this service is concerned primarily with fairness of outcome, and fairness of outcome isn't defined by an adherence to stated terms and conditions but rather to the actual outcome of what has taken place.

In this instance, Stripe's terms and conditions include a clause that effectively permit Stripe to close an account at any time for any reason. Stripe contend that they've

acted according to these terms – to which Mr S agreed when opening an account with them – and that it therefore can't be the case that they've acted unreasonably.

It's very difficult for me to reach the same conclusion as Stripe here, and I don't consider it fair that Stripe would act to close Mr S's account with immediate effect and without any prior notification being given to Mr S, and this is especially so given that Stripe later acknowledged that they shouldn't have taken such action following their own review.

As such, I'm satisfied that it was unfair for Stripe to have closed Mr S's account in the manner that they did, and I do feel that Mr S has incurred a level of upset and inconvenience that merits compensation.

Furthermore, given that one consequence of Stripe closing Mr S's account was that Mr S sought to open an account with another service provider, I'm also satisfied that the offer that Stripe made to Mrs S – to allow him to have fee free processing on the next £1,000 he processes with them – is effectively worthless to Mr S, and therefore doesn't constitute a fair offer of compensation to him.

It follows that my provisional decision here will be that I'm upholding this complaint in Mr S's favour and that Stripe must make a payment to Mr S of £200. It will also be a condition of this provisional decision that this payment mustn't take the form of a credit to Mr S's Stripe account, unless Mr S gives his permission for it to do so.

In my provisional decision letter, I gave both Mr S and Stripe the opportunity to provide any comments or further information they might wish me to consider before I moved to a final decision. However, both Mr S and Stripe confirmed that they were happy to accept my provisional decision, and as such I can confirm that my final decision will be that I am upholding this complaint in Mr S's favour on the basis described above.

Putting things right

Stripe must make a payment of £200 to Mr S to compensate him for the inconvenience this matter has caused. This payment must not take the form of a credit to Mr S's Stripe account unless Mr S gives his permission for it to do so.

My final decision

My final decision is that I uphold this complaint against Stripe Payments UK Limited on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 3 January 2022.

Paul Cooper
Ombudsman