

## **The complaint**

Mr S complains Paysafe Financial Services Limited (“Paysafe”), trading as Neteller, unfairly charged fees on his account and then closed it.

## **What happened**

Mr S opened his Paysafe account in 2018 and credited his account. After January 2019 no further credits were made to the account.

In June 2020, Paysafe charged a dormancy fee as Mr S hadn’t used the account for some time. Around that time, Mr S was asked to send his identity documents to Paysafe. Once he had done this, Paysafe decided to close Mr S’ account and charged him an administration fee which cleared his remaining account balance.

Unhappy with what Paysafe did, Mr S complained. In short, Paysafe said it had placed a temporary restriction on Mr S’ account and following an internal audit, it had decided to close the account. Paysafe also said it had charged Mr S an administrative fee in line with its general terms of use.

Mr S referred his complaint to this service. One of our Investigator’s looked into the matter and in summary they found:

- Paysafe was entitled to carry out a review of Mr S’ account given the legal and regulatory obligations it has to comply with
- Paysafe had sufficient concerns to immediately end its relationship with Mr S – so the account was closed fairly
- The dormancy fee was applied in line with the terms of the account
- In terms of the administrative fee, Paysafe have not demonstrated how it calculated this fee. Charges imposed should be clear, transparent and proportionate. Paysafe failed to do that in this case

Paysafe did not agree with our Investigator. So, the complaint has now been passed 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.

Having done that, I’ve decided to uphold this complaint in part. I’ll explain why.

Financial businesses like Paysafe are strictly regulated in the UK and must take certain actions to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means they need to

restrict, or in some cases go as far as closing customers' accounts.

Having looked at Paysafe's reasons for reviewing and then restricting Mr S' account, I'm satisfied it acted fairly by doing so.

Similarly, Paysafe is entitled to close an account just as a customer may close an account with it. But before it closes an account, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of the account, which Paysafe and Mr S had to comply with, say it could close the account by giving them at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Having looked at the information given to me by Paysafe, I'm satisfied it was entitled to close the account in the way that it has done. Neither Paysafe nor I are under any obligation that I'm aware of to disclose the exact reason. The applicable terms can be found on Neteller's website and relates to section 16: <https://www.neteller.com/en/policies/terms-of-use>.

This now brings me onto whether Paysafe has acted fairly in charging Mr S the dormancy fee and later, an administration fee which cleared the account.

I've closely reviewed Paysafe's terms and conditions, and note it says "*Your NETELLER Account is free for personal use as long as you login or make a transaction at least every 6 months. If you don't do this, a monthly service fee of USD 5.00 (or equivalent) will be deducted monthly from the available funds in your Account*"

Mr S hadn't used his account for around 12 months. So I think Paysafe applied its terms fairly when debiting the fee for the account being dormant for as long as it was.

Paysafe charged Mr S an administration fee which, using current exchange rates, is roughly equivalent to about £6. Paysafe has pointed to the terms of the policy to show why it did this. The terms related to charging such a fee say:

*14.4. It is strictly forbidden to use your Account for any illegal purposes including but not limited to fraud and money laundering. We will investigate and report any suspicious activity to the relevant law enforcement agency. We reserve the right to charge you in our sole discretion an administration fee as displayed in the "Fees" section of the Website for every investigation into any such suspicious activity. You are prohibited from using your Account in an attempt to abuse, exploit or circumvent the usage restrictions imposed by a merchant or a Third Party Provider on the services it provides.*

*14.6. If you conduct or attempt to conduct any transaction in violation of the prohibitions contained in this section 14 or without the necessary approval under section 14.5, we reserve the right to: reverse the transaction; and/or close or suspend your Account; and/or report the transaction to the relevant law enforcement agency; and/or claim damages from you; and charge you an administration fee as displayed in the "Fees" section of the Website if we apply any of the above.*

The associated 'Fees' page then says Paysafe can charge up to 150 US dollars as an administration fee. As the fee is something Paysafe can charge at its *discretion*, I need to consider if I think it has exercised this discretion both fairly and reasonably. And, in the individual circumstances of this complaint, if it has applied the term fairly.

Having carefully considered this, I'm persuaded Paysafe hasn't. I say that because I don't

think Paysafe has carried out enough of an investigation to warrant applying this fee. Given its concerns, I would have expected it to have asked Mr S questions to understand what has happened – and whether there is a plausible reason behind it. I can't see that Paysafe did this, so I question if it's done enough to constitute an 'investigation' as per the term.

So, because of that I've decided the administration fee should be refunded to Mr S.

### **My final decision**

I've decided to partially uphold this complaint for the reasons given above. To put things right, Paysafe Financial Services Limited must refund Mr S the administration fee it charged along with 8% statutory interest from when it debited the account up until settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 8 July 2022.

Ketan Nagla  
**Ombudsman**