

The complaint

Company M is unhappy that Stripe Payments UK Limited won't reimburse the loss they incurred as a result of a fraud which resulted in their funds being diverted to a fraudster's account. They also feel that Stripe hasn't helped them resolve this matter.

What happened

The background to the complaint is known to both parties and so I won't repeat it at length here.

Briefly, M uses a payment system powered by Stripe to take payments from their customers and deposit them into their account with Bank A. This process is facilitated through their online order and payments handling service provider S.

It appears that M's account with S was hacked into and their bank details were altered. As a result, their customers' payments over a period were fraudulently diverted to an account with Bank B instead of their account with Bank A.

M says that when the fraud came to light, they sought the help of S, both the banks and Stripe but none of them helped. This complaint is against Stripe, about its failure to compensate or help M.

Stripe said that it was not their fault that the problem occurred, and M should approach S for a remedy. It said that M holds a "*Custom account*" with Stripe which was opened and operated via S. It said that M isn't able to log into this account and all instructions about payments were input and stored through S. It said that the hack occurred at S' end and Stripe had not been alerted to the change of account details. Therefore, it can't be held responsible for M's loss.

One of our investigators reviewed the complaint and concluded that it couldn't be upheld. In essence they said that Stripe couldn't be held responsible for the unauthorised access on M's account with S.

M reiterated that both S and Stripe failed them. They asked how S could operate in this market unregulated and what is our stance on regulated businesses (like Stripe) working with 'non-regulated companies'.

The investigator explained our Service's role as an independent dispute resolution service and our jurisdiction in relation to this. They clarified that it wouldn't be for us to carry out checks on regulated businesses like Stripe or how they operate with other businesses. They said that if M has any concern about this or about S, they should approach UK's financial services regulator, the Financial Conduct Authority

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 so, I agree with the conclusions reached by the investigator essentially for the same reasons. There isn't much more I could add to what they said.

Based on what I have seen, I am satisfied that the problem occurred with the account M had with S. It appears that the third party gained access to this account and through this changed the bank account details. This was outside of Stripe's control and as such I consider that it wouldn't be fair to hold Stripe responsible for M's loss.

I fully understand M's frustration in relation to this matter in that Stripe says it is not responsible for their loss but S, and they find S unhelpful. Unfortunately, S isn't under our jurisdiction and therefore we are unable to consider a complaint about it.

My final decision

My final decision is that I do not uphold M's complaint against Stripe Payments UK Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 26 October 2022.

Raj Varadarajan
Ombudsman