

The complaint

X, a limited company complains that Stripe Payments UK Limited misled it into buying a service that wasn't suitable for its needs.

X wants Stripe to apologise, explain what happened and pay compensation. X is represented in its complaint by Mr M, a director.

What happened

In 2021, X decided to move to Stripe from its current merchant service provider that I will refer to as "G". Mr M says that X was attracted to Stripe because it thought it offered the same level of customisation as G but at a better rate.

X opted to pay a monthly fee to Stripe to custom brand statements, payment pages and emails. But once the integration with Stripe's API had taken place, X was unhappy to note that its account was displayed as "Stripe re X" rather than just X's name. X was concerned, due to previous experience, that this might lead to chargebacks from customers and asked Stripe to remove its name.

X was also unhappy that there was a problem with Stripe setting up its account which wasn't resolved until April 2021 with the help of Stripe's bank.

Stripe said it couldn't remove its name from the Service User Number (SUN) as the service user had to be identified on the direct debit instruction (DDI). Stripe did approach the bank involved, but the bank said that the SUN must include Stripe's name.

After X complained, Stripe agreed that its documentation could have been clearer and offered to process £25,000 of card payments at no fee to X.

X was unhappy with the proposed outcome as it had spent many hours of developer time trying to make the service work for it.

The investigator didn't recommend that X's complaint be upheld. He didn't think that Stripe had misrepresented its service to X. The investigator thought that Stripe's offer of fee-free processing and refund of £50 was a fair way to resolve X's complaint.

X disagreed with the investigator's recommendation. Mr M thought that Stripe did give X a false statement of fact. He said Stripe's dashboard says that for a monthly fee "Your business name will be shown on your customer's bank statements, Stripe Checkout and customer emails for Direct Debits". Mr M said it was possible to remove Stripe's name from the SUN.

After considering all the available evidence and arguments, I decided to issue a provisional decision to X and Stripe on 3 October 2022. I said:

"I realise that I've summarised this complaint in less detail than the parties and I've done so using my own words. I've concentrated on what I consider to be the key

issues. The rules that govern this service allow me to do so. But this doesn't mean that I've not considered everything that both parties have given to me.

I think it's accepted by Stripe that it could've been clearer in the way that it presented information about the custom branding option. Although I agree with the investigator that Stripe didn't intentionally mislead X, I don't think this automatically prevents me from upholding X's complaint. It does seem likely that along with the competitive price, the level of customisation seemingly offered by Stripe, did prompt X to make the switch.

Although X feared it might happen, I don't have evidence to suggest that X experienced a loss due to customers raising chargebacks because of Stripe's name appearing on the DDIs. So, I can't require Stripe to compensate X for this kind of direct loss. I also don't think it's fair to make Stripe cover the salary costs of X's developer who was trying to integrate Stripe's product with X's systems. This was a liability that X had regardless of which tasks the employee was carrying out.

I do however consider it reasonable to require Stripe to compensate X for some of the inconvenience it experienced when trying to carry out the integration. As X has said – it had previous experience of customers raising chargebacks because of the way that its name appeared on DDIs and bank statements. So, having the option to only show X's name, rather than Stripe re X, was very important to it.

Stripe already offered X fee free processing which I understand was worth about £250. But as X decided not to remain with Stripe after it couldn't deliver the level of customisation it expected, the offer was of no benefit to X.

X was engaged in attempts to try and get Stripe to deliver the outcome it had expected when it switched from G. My award reflects the impact on X of several weeks of wasted effort, together with the inconvenience involved when X moved back to G. Taking account of our published guidelines about compensation and applying my own judgment, I consider the appropriate amount is £350.

This service is dealing with an almost identical complaint about Stripe made by a company related to X. So, my award of compensation takes account of the fact that the inconvenience to X was effectively shared by the other company."

Further submissions

X didn't reply to my provisional decision. Stripe accepted my provisional decision but wanted to double check that I meant for it to pay X £350 as well as £350 to the other company related to X. The investigator has confirmed that if X accepts my decision, Stripe should pay X £350. And if the related company accepts my provisional decision in that complaint, Stripe should pay that company £350.

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.

As I've not been asked by X to consider any additional evidence or arguments and as Stripe accepted my proposed outcome, I consider it reasonable to make my final decision along the same lines as my provisional decision.

Putting things right

Stripe Payments UK Limited should pay X £350 compensation.

My final decision

My final decision is that I uphold this complaint. In full and final settlement, Stripe Payments UK Limited should put things right as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 1 December 2022.

Gemma Bowen
Ombudsman