

The complaint

Mr K complains that Epayments Systems Ltd have unfairly prevented him from gaining access to his funds. He'd like the funds released to him and compensation.

What happened

The facts of this case aren't in dispute – so I'll only briefly go over them here. Mr K held money in his Epayments account. In February 2020 Epayments were obliged by the Financial Conduct Authority (FCA) to stop processing transactions. This meant Mr K couldn't access the money in the account.

Mr K complained about this to our service. One of our investigators thought it should succeed – saying that the restrictions were ultimately the responsibility of Epayments. He suggested the money be refunded, along with 8% simple interest from the point of the block to the date of settlement. He also asked Epayments to cover any charges involved and pay Mr K £150 compensation for the inconvenience caused by the delays.

This was accepted by Mr K, but Epayments declined. Instead, they offered to pay Mr K £750 to resolve the complaint overall. Mr K declined this offer.

Epayments said that their terms allowed them to withhold funds. They said as an electronic money institution (EMI) they cannot pay interest. They felt to award 8% interest, our service would have to be satisfied that Mr K would not have put these funds either not with another EMI, or with an investment generating returns of that amount. They also felt such an award would interfere with the winding down of their business.

Currently Epayments have said they are working on sending Mr K his funds, after having received some Know Your Customer information from him. But as no agreement could be reached on the complaint it has 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.

The restrictions placed on Epayments by the FCA have been widely publicised, so I don't need to discuss them in detail here. I accept that Epayments were not allowed to process transactions from Mr K's account since February 2020, but ultimately this is down to the failing in Epayments' anti-money laundering controls.

I've seen nothing to suggest Mr K has done anything that would lead to his account being restricted, or that he's not entitled to the funds in his account. So, I'm satisfied the reason he couldn't access his funds is down to the failings of Epayments, which I see as unfair.

Epayments have now said they're working on returning his funds, but he's without the use of them for a considerable period. I don't see this as fair or reasonable, so it's right that Epayments compensated him accordingly. The investigator suggested 8% interest – which is

what our service usually awards when people have been unfairly denied access to their money.

I've considered Epayments arguments against this. I accept there's no specific losses – investment or otherwise – that Mr K has given us. If there were it's likely I would award those losses. Instead, the 8% award is intended to reflect the loss of the use of the funds. Not having access to the considerable funds he held with Epayments will have affected his life and financial decisions over the several years it's taken to resolve this situation. It's not going to be possible to go back and rework all these financial decisions.

The 8% interest award is intended to reflect the cost of being deprived these funds. It's also in line with the statutory interest awarded on judgement debts. So, I'm satisfied it's appropriate in the circumstances of this complaint.

I understand Epayments are still working on sending the funds back to Mr K, and he should cooperate with them as best he can if they require information to return the funds to him. When the funds are returned, Epayments must ensure that they or their partners do not charge any fees for conversion or transfer.

In terms of the non-financial impact on Mr K of not having access to his funds, I can understand it would be incredibly frustrating to not have access to his funds and no real timescale on having access to them again. Overall, I'm satisfied this would be worth compensation and I see £150 as a fair amount.

Lastly, it's not my intention to interfere with Epayments winding down of their business – and that's not the role of our service. My role here is ultimately to decide what a fair way to resolve individual complaints between businesses and their customers, based on the individual facts of the complaint. Based on the facts of Mr K's case, I'm satisfied that it is fair for Epayments to redress him as detailed above.

My final decision

My final decision is that Epayments Systems Ltd must:

- Refund the remaining funds in Mr K's account.
- Pay 8% simple interest per annum on the balance of his account from 11 February 2020 to the date the funds are made available to Mr K.
- Refund and currency conversion fees, or other fees and charges applied during the refund process
- Pay him £150 compensation

Epayments must pay the compensation within 28 days of the date we tell them Mr K has accepted my final decision. If it pays later than this, it must also pay interest on the compensation from the date of this decision to the date of settlement, at a rate of 8% simple interest per year.

If Epayments is required by HMRC to deduct income tax from any interest award, they should tell Mr K how much has been deducted and provide a certificate showing so if he asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 10 November 2023.

Thom Bennett

Ombudsman