

## **The complaint**

Ms G complains that Epayments Systems Ltd blocked her account and she wasn't able to access her funds. She would like compensation.

## **What happened**

The facts which led to Ms G bringing her complaint to our service are well known to both parties, so I am not repeating them in full here.

In summary, Ms G had an Epayments account. On 11 February 2020 the regulator, the Financial Conduct Authority (FCA) placed limitations on Epayments. This meant Epayments were unable to process any transactions until the limitations were lifted. Because of this Ms G couldn't access her money. The original restrictions were lifted on 23 February 2022 and Epayments began the process of reviewing customers' accounts and refunding customers. Ms G has had her funds returned to her.

Ms G had told us that not having access to the money in her account caused her financial hardship. Ms G complained to our service.

One of our investigators looked at the complaint. He said Epayments were responsible for the limitations placed on them by the regulator and they should compensate Ms G for the time she didn't have access to her funds. He awarded Ms G 8% interest for the time she wasn't able to access her funds as well as £150 for the distress of not having access to her account.

Ms G agreed with the view.

Epayments put forward an alternative offer to settle Ms G's complaint. Ms G rejected the offer.

As there was no agreement the matter has come 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.

As a regulated business Epayments have certain obligations which they must comply with. They are subject to regulation by the FCA. The FCA applied restrictions on Epayments for reasons widely publicised and also detailed on their company website. As a result, Epayments suspended their operations. This had a significant effect on Ms G. It meant that for two years she was unable to access her funds.

Once Epayments agreed to suspend their operations to carry out the work required of them by the FCA there was nothing they could do to return Ms G her funds.

Ms G shouldn't suffer a detriment because Epayments suspended its operations. Ms G

wasn't able to access her funds for two years. Our investigator has said Ms G should be paid 8% interest for the period of time Ms G didn't have access to her funds and I agree.

Epayments have suggested they shouldn't be held liable for the delays in being able to return Ms G her funds as this was due to restrictions placed on them by the FCA.

But I disagree. The reason why Epayments had to suspend their operations was due to failures on their part and it would be unfair for Ms G to be impacted because of this. As a consequence, Epayments should be held liable for the delays in Ms G not being able to access her funds. For the reasons stated above Epayments should pay Ms G 8% simple interest for the period of time she didn't have access to her funds.

Our investigator also agreed to give Ms G compensation of £150 for the distress and inconvenience Ms G suffered for her account being blocked for so long. I agree this is a fair amount and in line with our awards for this type of cases.

In some cases, Epayments or their banking partner may charge currency conversion fees and commissions when refunding account balances. In Ms G's case I don't think she should have to pay any currency conversion fees or commissions for accessing the funds in her account. If Ms G has been charged any such fees or commissions, I require Epayments to refund these.

### **My final decision**

For the reasons stated above I uphold the complaint. I require Epayments Systems Ltd. to:

- Pay Ms G 8% simple interest on the money in her account, calculated from 11 February 2020 to the date Epayments refunded the account balance to Ms G.
- Pay £150 compensation for the distress and inconvenience caused to Ms G.
- If any currency conversion fees, or other fees/commissions are charged by Epayments or their banking partner during the refund process, these should also be refunded.

*Epayments must pay the compensation within 28 days of the date on which we tell it Ms G accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.*

If Epayments considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Ms G how much it's taken off. It should also give Ms G a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 15 June 2023.

Esperanza Fuentes  
**Ombudsman**