

The complaint

Mr N complains that Epayments Systems Ltd blocked his account and he wasn't able to access his funds. He would like compensation.

What happened

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

In summary, Mr N 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 Mr N couldn't access his money amounting to 12,730.26 USD. The original restrictions were lifted on 23 February 2022 and Epayments began the process of reviewing customers' accounts and refunding customers. Mr N has had his funds returned to him.

Mr N had told us that not having access to the money in his account caused him financial hardship. Mr N 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 Mr N for the time he didn't have access to his funds. He awarded Mr N 8% interest for the time he wasn't able to access his funds as well as £150 for the distress of not having access to his account.

Mr N agreed with the view.

Epayments put forward an alternative offer to settle Mr N's complaint. Mr N rejected the offer. Mr N said the offer didn't represent the amount of money and time he had lost. He has mentioned he lost a great deal of money because he is a crypto currency trader, and he would like £2,500 in compensation.

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 Mr N. It meant that for two years he was unable to access his 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 Mr N his funds.

Mr N shouldn't suffer a detriment because Epayments suspended its operations. Mr N wasn't able to access his funds for two years. The investigator has said Mr N should be paid 8% interest for the period of time Mr N didn't have access to his funds and I agree.

Epayments have suggested they shouldn't be held liable for the delays in being able to return Mr N his 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 Mr N to be impacted because of this. As a consequence, Epayments should be held liable for the delays in Mr N not being able to access his funds. For the reasons stated above Epayments should pay Mr N 8% simple interest for the period of time he didn't have access to his funds.

Our investigator also agreed to give Mr N compensation of £150 for the distress and inconvenience Mr N suffered for his 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 Mr N's case I don't think he should have to pay any currency conversion fees or commissions for accessing the funds in his account. If Mr N has been charged any such fees or commissions, I require Epayments to refund these.

Mr N has mentioned he suffered loss of opportunity as he was unable to trade with the money in his account. Although I appreciate what Mr N is saying, the 8% interest is to compensate Mr N for the loss of use of the funds. So, I won't be awarding him any more compensation for loss of opportunity to trade.

My final decision

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

- Pay Mr N 8% simple interest on the money in his account, calculated from 11 February 2020 to the date Epayments refunded the account balance to Mr N.
- Pay £150 compensation for the distress and inconvenience caused to Mr N.
- 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 Mr N 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 Mr N how much it's taken off. It should also give Mr N a tax deduction certificate if he asks/ask for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

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

Esperanza Fuentes

Ombudsman