

The complaint

X is unhappy Epayments Systems Ltd (Epayments) blocked access to their account and the funds contained within it.

What happened

The background of this complaint is known to both parties, so I won't go into detail. Instead, I have summarised below.

X 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, X couldn't access their money. The original restrictions were lifted in February 2022 and Epayments began the process of reviewing customers' accounts and refunding customers. It has since refunded X the money in their account.

Whilst this process was ongoing, X brought their complaint to our service. Our investigator upheld the complaint. He said Epayments were responsible for the limitations placed on them by the regulator and they should compensate X for the time they didn't have access to their funds. He awarded X 8% interest for the time they had been deprived of their funds, as well as £150 for the inconvenience of not having access to the account.

X agreed with this settlement. However, Epayments didn't. It made an alternative offer of £500 compensation which X disagreed with. Epayments then made another offer of 1% of the account balance and £150 compensation, which altogether totalled £250.75. X disagreed with this offer too.

X explained that none of the compensation offered, including the view reached by our investigator, covered him for his losses. X explained that they could have got far more than 8% in a savings account. However, they wouldn't have done this as they would have used the money as capital to fund their traffic arbitrage endeavours. X provided evidence to show they were doing this prior to their funds being blocked and was making a substantial amount of money as a result.

Because no resolution could be reached, the complaint 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.

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 impact on X as it meant they couldn't access their account, or the money contained within it.

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 process any requests X may have made. It has now released X's money, so I don't need to make a finding on this.

However, I'm satisfied Epayments should pay interest on the released funds. Epayments have suggested they shouldn't be held liable for the delays in being able to return X's funds, as this was due to restrictions placed on them by the FCA. However, the reason why Epayments had to suspend their operations was due to failures on their part and it would be unfair for X to be impacted because of this. As a result, Epayments should be held liable for the delays in X not being able to access their funds.

Our investigator recommended 8% interest should be paid and I'm agreement with this. We direct a business to give this award to compensate a customer for being deprived of money. I appreciate X feels this award should be higher as they lost out on potential earnings through traffic arbitrage that far exceed 8%. However, X himself says they needed the money in the account for their children's expenses – not just as capital for traffic arbitrage - so I have no way of knowing or confirming exactly how much they may or may not have used towards their traffic arbitrage endeavours or how much they may have earned as a result. With this in mind, I think the 8% covers any potential loss of use of the funds in the fairest way. It is also in line with the award a court gives on judgment debts.

I also agree that £150 compensation should be paid for the worry and upset caused to X during the period of time their account was blocked. I don't doubt it was stressful and inconvenient for X and this award is in no way meant to belittle what they went through. However, I'm satisfied this amount is fair and reasonable in the circumstances.

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

Putting things right

Epayments should do the following to put things right for X:

- Pay 8% simple interest per annum on the balance of X's account, from the date of the block to the date the funds were made available to X. If Epayments considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell X how much it's taken off. It should also give X a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.
- Pay £150 compensation for the stress and inconvenience caused.
- Refund any currency conversion fees and commissions if charged.

My final decision

My final decision is that I uphold X's complaint against Epayments Systems Ltd and direct them to carry out the settlement detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 24 October 2023.

Sarah Brimacombe

Ombudsman