

The complaint

R complains that Paymentsense Limited trading as Dojo unfairly delayed payment of two transactions processed through its card terminal.

R is represented in bringing this complaint by one of its directors, Mr S.

What happened

R is a merchant. On 24 June 2023, two payments processed on R's card terminal were withheld by Dojo. R contacted Dojo to query where the funds were as they were usually released within 24 hours.

Mr S contacted R a number of times over the following days and received conflicting information from Dojo about why the funds were being withheld and what needed to be done to release them.

When Mr S complained to Dojo, they told him they were entitled to withhold the funds while they conducted additional checks they deemed necessary. They directed Mr S to review the relevant section of the terms and conditions of R's agreement with them which detailed that they were allowed to do this. And they asked Mr S to provide them with a copy of the invoice for the larger transaction.

The funds were released by Dojo on 30 June 2023.

Mr S was unhappy with the delay, so he brought his complaint to our service. One of our investigators looked into the matter and he agreed that Dojo were entitled to withhold the funds while they investigated the transaction. However, he thought R needed to chase Dojo too frequently about the matter and he said Dojo hadn't contacted R to let it know the payments hadn't yet been processed. He asked Dojo to pay £100 to R, which they have, in recognition of the inconvenience to R caused by these errors.

Mr S thought this offer was insulting and said not having access to the funds for almost a week resulted in him missing a mortgage repayment, and as such caused a negative impact on his credit file. Our investigator explained that as R, the complainant in this case, is a limited company, we are unable to consider the personal impact on the directors. Mr S remained unhappy and asked for the case to be reviewed by an ombudsman, so it was 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.

I've seen that the smaller payment was released quite quickly but the larger payment was released on 30 June 2023, which was almost a week after the transaction took place.

That specific transaction was for £10,000 paid on an American Express card. R's customer

attempted to make the payment using his PIN in the chip and PIN terminal, but it was declined. As such, R's employee entered the card details manually and on that occasion the transaction was successful.

Clause 4 of Section B of Dojo's acquiring services terms and conditions states that they may need to delay a transfer of funds for a number of reasons - including when a card transaction is not in the ordinary course of the merchant's business. It goes on to explain, *"If we need to refuse or delay a transfer, then, if we can, we will usually email you or contact you by SMS or by phone. We will not be responsible for any losses you may suffer as a result of us refusing or delaying a transfer."*

So, I've considered whether I think it was fair and reasonable for Dojo to delay releasing the funds from this transaction. And I think it was. I say this as the size of the transaction appears to be greater than the transactions usually processed by R. In addition, the card details were entered manually into the card terminal as the chip and PIN transaction hadn't been successful. So, I can understand why Dojo would've had concerns about the transaction and I don't think it was unreasonable for them to want to investigate it.

That being said, Dojo should've informed R sooner that the funds were being withheld and the information given to Mr S during his calls with them could've been clearer. So, a compensation payment is warranted for the customer service failings in this case. I think £100 is a fair amount to reflect the issues with Dojo's customer service on the calls and for not contacting R sooner about the withheld transactions.

Putting things right

I don't think it was unreasonable for Dojo to have withheld the funds and I also consider the funds were released in a relatively swift manner once Dojo were satisfied that the transaction was legitimate.

I appreciate that Mr S won't agree with me on this point, particularly as there was a knock-on effect for him personally due to the payment not being released in the usual 24-hour turnaround period, however, Dojo were entitled to withhold the funds, so they aren't responsible for any losses Mr S or R incurred. And I won't be asking them to take any further action in that respect.

However, there were some issues with customer service so I think the £100 suggested by our investigator is a fair and reasonable amount to compensate R for the inconvenience Dojo's poor communication caused its directors.

My final decision

I uphold this decision in part. As Paymentsense Limited trading as Dojo have already paid the £100 suggested by our investigator to R, I don't require them to take any further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 29 April 2024.

Tara Richardson
Ombudsman