

The complaint

T, a partnership, complains about how WorldPay (UK) Limited conducted its customer verification process which resulted in T's account being suspended for several weeks.

T is represented in bringing this complaint by a director of one of the partners, Mr C.

What happened

In August 2022, WorldPay conducted a review of T's account and contacted T requesting information from them in line with its customer verification process.

WorldPay wrote to T in August 2022 and again in November asking for this information, and T confirmed they did receive these letters.

On 6 December, a representative of T contacted WorldPay to check if the information they had uploaded had been received. WorldPay didn't confirm if it had been but asked T to provide a copy of their partnership agreement. When asked why this was needed, WorldPay didn't provide an explanation so T's representative asked for a call back from someone who could explain to them why this was necessary. WorldPay didn't call T back.

WorldPay put a settlement diversion in place on 14 December 2022, so although T's card transactions were processed in the usual way, the funds were placed on hold by WorldPay and not released to T. On 10 January 2023, one of T's employees realised that no income had been received from WorldPay since 13 December 2022.

As a result, a representative of T contacted WorldPay who explained a hold had been placed on the funds as the account details weren't up to date. There were several calls between the parties over the next few weeks and it transpired that the issue with updating the account was caused due to a former partner still being registered to the account. In addition, the most recent partner, Mr C's company, wasn't formally registered as a partner on the account.

T provided the requested identification documents, and the funds were released back to T on 3 February 2023. T's account with WorldPay was closed in March 2023 at their request.

T complained to WorldPay who explained it had a regulatory obligation to fulfil and didn't believe it had done anything wrong regarding the process it followed. WorldPay did however acknowledge there were occasions when its service fell below the expected standard, and for that, it offered a goodwill credit of £250.00 to T.

T was unhappy with this outcome, so Mr C brought the partnership's complaint to us. One of our investigators looked into the matter. During his investigation, WorldPay acknowledged that it shouldn't have applied the hold to T's funds in December 2022 and offered to pay 8% interest on the funds that had been held for the period of time they were held. Our investigator thought this offer, in conjunction with the £250 offered by WorldPay for its service errors, was a fair and reasonable way of settling the complaint.

Mr C didn't agree. He said:

- The systems WorldPay used to communicate and collect information were not fit for purpose and generated a huge amount of unnecessary, extra work for the practice manager and partners.
- T's cashflow was affected from the first day Worldpay did not pass on their generated income and without reserve funds T wouldn't have been able to pay their debts during that time.
- T were paying for a service they couldn't use.
- T had no other option but to sign up to a new contract elsewhere and they had to pay additional set up fees and duplicate monthly fees for a period of time.
- As such, T feels that £250 for the inconvenience caused is insufficient.
- WorldPay should be properly disciplined when a complaint is made, otherwise its uncaring and unconcerned malpractice will continue.

The case has been passed to me for a final decision.

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.

Having done so, I've come to the same conclusion as our investigator for very similar reasons.

The customer verification check

It's apparent that there was confusion around the information showing on WorldPay's Dashboard and the information WorldPay required from T to satisfy their regulatory obligations, which conducting the customer verification process was necessary for.

Although T's representative provided information for the current partners, it only became evident to WorldPay in January 2023, that the issue was being caused by a discrepancy in the details it held for the partners.

WorldPay have explained that there is no record of T officially updating the details of the partnership with it when Mr C's company joined them. However, Mr C's details were added to the WorldPay Dashboard as a user of the system, meaning he had log in credentials and his information was added to T's account. Although that allowed Mr C to monitor transactions, settlements and invoices, T never formally added Mr C's company to the account, so this change to the dashboard is not representative of any kind of change to the ownership structure of the core account.

I can see that T's representative made attempts to provide the requested information and that misinformation about the account details being up to date was provided to this representative during a call with WorldPay. So, for the inaccurate information and not returning T's call in December, I agree that WorldPay need to compensate T.

However, the wider issue stems from T not updating their ownership structure properly. I agree that WorldPay made some mistakes, but the confusion was caused by the information on the dashboard matching the information provided by T, but not matching the partnership information WorldPay held for the account.

WorldPay accept that a hold shouldn't have been placed on the incoming funds and they have offered to pay 8% interest on the funds that were withheld while this hold was in place.

I think this is a fair offer as it recognises any financial loss of interest T might've experienced during this time, alongside the inconvenience the hold may have caused.

Had WorldPay sent notice of the account being placed on hold, I think it is likely the matter would've been rectified sooner. However, this account information would've always had to be provided and Mr C's company would've always needed to be added to the account. So there is no doubt this would've taken some time and effort for T to provide in any case.

In addition, I've not seen any evidence of any consequential losses and Mr C told us T was able to limit any losses by using reserve funds available to them. Furthermore, it was several weeks before T noticed the funds were being held which indicates that there wasn't an immediate knock-on effect caused by the hold. So, I think the 8% interest on the funds that were withheld is a fair settlement here.

Account charges

T is unhappy that WorldPay continued to charge T its normal fees and charges during the period when the incoming funds were placed on hold.

Although WorldPay weren't releasing the funds to T during this period, they were still processing the partnership's card transactions and the funds were safe. So, I don't think it was unreasonable for it to continue to charge T for the service it was providing.

Closure of T's account

As our investigator explained, it was ultimately T's decision to open an account with a new provider. I understand that T was unhappy with how WorldPay was handling the situation, but this stemmed from the partnership details being incorrect. So, I can't reasonably say they were responsible for the costs incurred by T when they decided to move provider while the matter was still being rectified with WorldPay.

Regulator

I recognise that T will be disappointed with my decision, and I understand that they would like WorldPay to be disciplined for the errors it did make. However, the role of our service is to provide a fair and impartial answer to the complaints we receive.

We aren't the regulator, so we don't have the powers to punish businesses or tell them to change the way they act. That is the role of the Financial Conduct Authority (FCA).

Putting things right

There is no doubt that WorldPay made some mistakes during this process, however they were not responsible for the root cause of the matter which stemmed from T not updating the partnership details correctly when the ownership structure changed.

As such, I'm satisfied that a payment of £250 in recognition of the inconvenience caused by WorldPay's service failings, and a further £440.20 in interest to cover any loss of opportunity to use these funds is a fair and reasonable settlement of this matter.

My final decision

I uphold this complaint and direct WorldPay to make a payment of £250 plus an additional £440.20 in interest to T.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 7 January 2025.

Tara Richardson
Ombudsman