

## **The complaint**

A charity, which I will call T, complains about SumUp Payments Limited. T's representatives say that in July 2022, the card payment system SumUp provided stopped working – causing losses of tens of thousands of pounds.

## **What happened**

T's representatives told us:

- T makes the majority of its annual income from a fundraising event it holds each summer. It was unable to hold the event in person during 2020 and 2021, but its 2022 event ('the event') was held on 16 July 2022 in a park as usual.
- Prior to the event, T bought 11 card terminals from SumUp (in two separate transactions on 1 and 30 June 2022). T also applied for an account with SumUp.
- During May and June 2022, SumUp confirmed in writing that T could start using its services. T's volunteers, and in particular its chief executive Ms S, therefore reasonably believed that T would be able to use the terminals to take payments during the event. The event was cashless, and had been widely advertised as such. That meant it was particularly important to T that card payments operated smoothly.
- SumUp wrongfully and unfairly imposed a £5,000 transaction limit on T, without giving prior notice. The effect was that T's card terminals stopped working approximately an hour into the event. If the terminals had worked as planned T would have received an additional £25,000 from donations and sales of merchandise.
- T did not initially realise what had happened, but a few days after the event it received an email explaining that SumUp had suspended its services because it required additional verification. T immediately complied with SumUp's request, and the card terminals were once again operational.

SumUp told us:

- As an Authorised Payment Institution, it is obliged to verify the identity and business nature of the merchants it onboards. However, given that large numbers of people sign up for its service and then never process a single transaction, it does not start the verification process until after a merchant has processed its first transaction. It considers that its business relationship with a merchant starts when they process their first transaction, and not when they purchase terminals.
- It permits merchants to process what it calls "occasional transactions" before their account is fully verified. Its Know Your Customer (KYC) process is designed to notify a merchant once they reach a threshold of £100 in transactions. Once a merchant has transacted a cumulative total of £5,000 through its systems, further transactions

are not possible without completing KYC. That £5,000 limit is explicitly mentioned in its customer facing website, which would have been available to T's representatives both before and after they signed up to use SumUp's services.

- In this case, T reached both the £100 and the £5,000 thresholds in a single day. Unfortunately, that meant SumUp was prevented from requesting the necessary documentation in time, and was not able to email T requesting verification evidence until 18 July 2022.
- T's representatives did not contact it at any point prior to 16 July 2022 to ensure that there would be no problems on the day. Had they done so, SumUp's staff would have explained the £5,000 limit and the account could have been verified in advance.
- Whilst it is sorry that T's representatives are unhappy, it followed its process correctly in this case and did nothing wrong. As a goodwill gesture, it offered T a payment of £1,000 (later increased to £2,000), but T has declined that offer.
- Finally, T's representatives are wrong to say that they later complied with SumUp's verification request. Whilst they did provide some documentation, T's account is still limited on SumUp's system.

One of our investigators looked at this complaint, but she did not uphold it. She thought it was reasonable for T's volunteers to have fully familiarised themselves with SumUp's processes before they entered into a contract with SumUp. If they had done so, they would have known about the £5,000 limit.

T's representatives did not accept our investigator's conclusions, and asked for the matter to be referred to an ombudsman.

### **My provisional decision**

I issued a provisional decision on this complaint in January 2024. I said:

"The parties have made detailed submissions, which I confirm I have read in full. But I have not responded at similar length. I intend no discourtesy by that; it simply reflects the informal nature of the Financial Ombudsman Service.

Briefly, my provisional findings are:

- SumUp should have drawn T's attention to the £5,000 verification limit much earlier than it did – and certainly before the start of T's event on 16 July 2022.
- However, it would not be fair for me to order SumUp to reimburse all of T's losses. T did not call SumUp on 16 July 2022, and so T not give SumUp the opportunity to put things right on the day. If T had called, I think it is likely that SumUp would have been able to reinstate the card machines within an hour.
- Taking all the circumstances into account, I think a payment of £4,000 would represent fair compensation.

I give more details about my findings below.

### ***Did SumUp treat T fairly?***

Our investigator thought that SumUp had properly followed its own procedures. I think she was right to say that. But it doesn't automatically follow that SumUp treated T fairly.

I accept that if T's volunteers had carefully looked through SumUp's website, they would have seen a reference to the £5,000 limit. But I don't think they should have been required to look through the website. The emails they received in June 2022 simply said:

"How to get started:

1. Download the SumUp app and log in.
  2. To start transacting, enter a minimum amount of £1.00 into the keypad and tap "Charge".
  3. Sync your card reader to the app by tapping "Connect".
  4. Insert or tap the card, and if prompted, enter your PIN.
- It's as simple as that."

The emails did say that T's volunteers could read SumUp's manual for more information, but I can't see that the £5,000 limit was explicitly drawn to their attention before 18 July 2023.

I acknowledge that SumUp has suggested that it was unreasonable for T's volunteers to believe that they could freely process in excess of £20,000 without providing a single document to the financial services provider facilitating those payments. But I'm also aware that SumUp is often able to verify accounts electronically, without the need for the account holder to supply documents. Given that SumUp had told T's representatives that T's account was available for use, I think was reasonable for them to believe that they didn't need to do anything further in order to use the account. My provisional view is therefore that SumUp did not treat T fairly when it limited T's account without first explicitly telling T about the £5,000 limit.

I haven't seen T's application for its SumUp account. SumUp says that T did not tell it about its intention to transact more than £20,000 on a single day, but I presume that is because SumUp did not ask. If either party considers that the information T gave when applying for the account is likely to change my view of the matter, I ask them to provide evidence in their response to this provisional decision.

I want to make clear that I am not criticising SumUp's verification process or verification limits. I have no concerns about SumUp's decision to choose to allow transactions of up to £100 or £5,000 without further verification. My concern is about SumUp's communication with T, rather than about its transaction limits or its specific verification requirements.

### ***Could SumUp have removed the £5,000 limit on the day?***

I understand that none of T's volunteers made any attempt to contact SumUp on the day of the event. Only T's chief executive was in a position to call (as she was the only person who had login details). SumUp has said that if she had called, there is a possibility its staff could have removed the £5,000 limit on the day. T's representatives are deeply sceptical about that claim, and have described it as *"retrospective, self-serving speculation that should be disregarded"*.

I am not willing to simply disregard SumUp's claim that it could have removed the £5,000 limit on 16 July 2022 – on the contrary, I think SumUp's claim is plausible. I

say that in part because of my knowledge of another complaint against SumUp, from another charity in similar circumstances. In that other complaint:

- A charity had purchased card terminals from SumUp, with the intention of using those terminals during events over the summer of 2022.
- That other charity also made the majority of its income from events, and also reached SumUp's £5,000 limit very shortly after reaching the £100 limit.
- Unlike T, that charity's representatives contacted SumUp as soon as they realised their card terminals weren't working. But their event was on a Friday evening (rather than a Saturday afternoon), and SumUp did not have the relevant staff available to assist them on a Friday evening.
- The other charity's account was fully verified on the following Saturday, the day after their evening event. The verification consisted of the other charity's staff answering questions from SumUp's staff — and providing the documents those staff members requested. The other charity was then able to take payments through SumUp once their account was verified.

I therefore have no reason to doubt SumUp's claim that it did have the relevant staff available on the afternoon of Saturday 16 July 2022, and that they could have requested documents from T's volunteers at that time.

I don't know whether an attempt to verify T's account on 16 July 2022 would have been successful. I have received conflicting information as to whether T's SumUp account was ever successfully verified (SumUp says it was not; T's representatives say that it was). But unless either party provides further evidence that causes me to change my mind, I think it is fair for me to assume that if T and SumUp had attempted to verify T's account on 16 July 2022, that attempt would have been successful.

I acknowledge T's representatives' comments about the vulnerability of T's volunteers, but I don't see anything that would have prevented them from contacting SumUp on the day of the event. T's chief executive was understandably exhausted on the day of the event, but she was still able to continue to carry out her other duties and I see no reason why she could not have called SumUp. I also acknowledge that she did not initially realise that the problem had anything to do with a verification limit — she thought perhaps wifi was the issue — but I still consider that it would have been reasonable for her to have called SumUp to seek help.

### ***Fair compensation***

For the reasons I've given above, I'm provisionally satisfied that if SumUp had treated T fairly, T's account would have been verified before T's 16 July 2022 event had even started. T's representatives have said that in that case, T could have received an additional £25,000 in payments — and they have invited me to make an award of that amount. They have accepted that £25,000 is a generous estimate, but they have given a number of reasons as to why they believe it is appropriate.

Regardless of the exact amount T would have received had its account been verified in advance, I don't think it would be fair for me to award the whole of T's losses. Nobody from T contacted SumUp on the day of the event, and therefore SumUp wasn't given the opportunity to put the matter right. I think it's likely that SumUp could

have verified T's account on the day if it had been given the opportunity to do so. However, taking into account all the evidence I have seen so far, and being mindful of the other charity's experience, that verification would not have happened instantly – and so T would still have suffered some losses as a result of SumUp's failure to verify its account before its event.

I don't know how long verification would have taken, but subject to any further evidence the parties might provide I think it would be fair for me to assume one hour. In reaching that estimate, I have taken into account:

- I don't think it would have been reasonable for T's volunteers to have called SumUp before establishing that the problem was with all of T's terminals, and not just an isolated problem. They would have needed to walk around the site of the event in order to establish that (as in fact they did), and that would have taken some time.
- They would also have needed to undertake various other checks (again, as in fact they did) relating to internet connectivity and other matters.
- A call to SumUp would itself have taken some time, both for T's volunteer to explain the problem and for SumUp to explain what it needed to resolve the matter.
- I think SumUp is likely to have wanted the same documentation that it eventually asked for on 18 July 2022. Obtaining that documentation, scanning and/or photographing it, and then emailing it back to SumUp would also have taken time. (I accept that obtaining and returning such documentation in the middle of the event might not have been possible – but given that none of the volunteers even attempted to call SumUp, I think it is fair for me to assume that it could have been done).

In the overall circumstances, my provisional view is that it is fair for me to hold SumUp responsible for T's inability to take card payments for one hour. I think T would have been able to take card payments for the whole of the event but for SumUp's failure to inform T earlier about its verification requirements, but I also think the problem would have been resolved after an hour if T's representatives had called SumUp when they realised there was a problem.

I don't know exactly how much T would have received in that hour, nor do I know the likely split between donations and sales of merchandise. In addition, I do not know the precise impact of T's decision to accept cash once its volunteers discovered they could no longer take card payments.

So far as donations are concerned, it is possible that some of the donations T would otherwise have received on the day of the event were in fact paid over later. I'm aware that T subsequently ran a fundraising drive, which it is unlikely to have done if the event had run without a hitch. It seems likely that a small number of people who would otherwise have chosen to donate during the event would instead have donated later. But presumably that would apply only to the charity's most dedicated supporters, and is likely to have had only a very small impact.

In respect of merchandise, T would have retained any unsold merchandise and could presumably have sold it later. SumUp's error is likely to have resulted in T receiving

lower profits on the day of the event, but I don't think it would be fair for me to make an award for the full amount T would have received from the sale of merchandise.

T's representatives have explained that T received £4,332 in cash donations during the event. Presumably very little of that was taken during the first hour of the event between 1pm and 2pm (when the event was cashless), and so the majority of it would have been taken between 2pm and 6pm. Unless I receive further evidence on this point, I think it would be fair for me to assume that the payments were fairly evenly distributed, and that T received approximately £1,000 in cash during the hour after the card terminals stopped working. I'm also aware that if everything had happened as it should, T would have received money in July 2022. Assuming nothing happens that causes me to change my mind, and assuming T chooses to accept my final decision, it will in fact receive funds approximately a month after we receive T's acceptance. That will be a delay of nearly two years. Given the difficulty in assessing the exact amount T should have received but for SumUp's error, I do not intend to award interest on a specific amount from a specific date. But I have taken the delay into account in my overall assessment of compensation.

I do know that T received approximately £5,000 during the first hour of the event, and so it seems reasonable for me to assume that if the card terminals had been working it would also have received £5,000 in card payments during the second hour. Deducting £1,000 for the cash payments I have assumed T in fact received during the second hour, and taking all the evidence available to me into account, my provisional view is that an award of £4,000 would be fair in respect of T's financial loss.

Unless either of the parties provide evidence that causes me to change my mind, I do not intend to order SumUp to pay anything in addition to that £4,000.

T has not in fact incurred any legal fees, because its representatives have acted on a pro bono basis. But even if T had made a payment to its representatives, it is extremely unusual for the ombudsman service to make an award for legal costs. We are not a court, and our service is designed to be informal and easy to use. I do not see any basis on which I could fairly order SumUp to reimburse T for legal fees or for any other costs.

This matter has clearly caused considerable distress to T's volunteers. But the complainant here is T, a charitable incorporated association. As a corporate body, T is not itself capable of suffering distress. I do not have the power to make an award in respect of distress suffered by anyone other than the complainant."

SumUp accepted my provisional decision in full, and confirmed that it is willing to pay T £4,000 to settle the complaint.

T's representatives did not accept my provisional decision. They provided detailed submissions, which I confirm I have read in full. Briefly, they said:

- They are pleased that I provisionally concluded that SumUp had treated T unfairly by failing to communicate the £5,000 limit to T in advance of the event.
- However, they do not agree that it was reasonable for any of T's volunteers to have been expected to call SumUp on the day of the event. The only person with authority to contact SumUp on the day was Ms S. However, Ms S's particular vulnerabilities – which T's representatives say are reflective of the community T supports as a whole – mean that it would not be reasonable to expect her to make a telephone call.

- Even if it was reasonable to expect Ms S to make a telephone call – which T's representatives do not accept – it is not reasonable to expect that the card machines would have been reinstated and working within an hour.
- Although SumUp later suggested that Ms S could have used its webchat function to contact it, that function is not viewable or available from SumUp's smartphone dashboard in the same way as it is from SumUp's desktop view. Ms S did not have access to her desktop computer during the event, and it would not have been reasonable to have expected her to have returned to her home during the event in order to logon to her desktop computer.
- T could not have mitigated its losses by selling merchandise later on, because the merchandise was specifically branded for the 2022 event. In addition, some of the merchandise was alcohol, and T's alcohol license only covers the day of the event. The beverages expired before the date of the 2023 event, which in any event was cancelled due to adverse weather. No accommodation can or should be made for any subsequent resale of the merchandise, and the £8,000 lost sunk cost of the items should be reimbursed.
- Overall, T's representatives still consider that £25,000 would represent fair and reasonable compensation. Alternatively, they consider compensation should be at least £15,000 to take reflect a minimum of three hours of lost card payments and the costs of the unsold beverages and merchandise.

### **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 have reached the same conclusions as I did in my provisional decision, and I now confirm those provisional findings as final. My reasons are set out in my provisional decision and expanded on below.

T's representatives have argued that SumUp should have anticipated that Ms S might struggle to call it, based solely on its knowledge of her position as chief executive of a charity supporting a group that statistically includes higher number of neurodiverse individuals, one possible characteristic of which is difficulty speaking on the phone, especially under stressful conditions. Therefore, T's representatives have argued, Ms S's inability to make a call to SumUp on the day of the event in order to mitigate T's loss should be taken into account when calculating redress owed.

However, while I do expect businesses to take proactive steps to support customers with a range of diverse needs, in this case I understand that Ms S didn't make SumUp aware of any challenges she faced regarding telephone communication. I wouldn't expect SumUp to make assumptions about additional needs or to provide additional support or adjustments without being given this information.

T's representatives have also said that SumUp didn't make it possible for Ms S to provide this information, but I'm not persuaded by this. SumUp may not have specifically enquired as to additional support needs, but this is not the same as preventing Ms S from conveying this information when first joining SumUp, or during any period of calm in which she was not running an event, via a communication method she felt comfortable using. In short, if Ms S required adjustments from SumUp to accommodate an inability or reluctance to communicate by phone, then in my view the onus was on her to inform SumUp of this fact,

not to rely on SumUp making a series of assumptions about her and her needs and implementing adjustments on that basis.

Furthermore, even if Ms S felt unable to place a telephone call to SumUp (or was unable to do so because she could not find its number or for any other reason), I note this was not the only communication method open to her. I understand that Ms S logged in to SumUp's app on the day of the event, in an attempt to find out why they were not working. She has said – and I accept – that the app did not provide any explanation. However, the screenshot of the app that T's representatives provided to me shows that it had a button labelled "Get Support".

SumUp has told me that pressing the "Get Support" button would have taken Ms S to a page that included a link to open a webchat with its support team. SumUp has also told me that Ms S had used its webchat on a previous occasion to speak to one of its agents about placing an order. I am not certain whether Ms S's previous use of the webchat was through her desktop computer or the app on her phone, but in either case I think she would have known of the existence of the webchat feature and been broadly familiar with how it worked. I therefore consider it likely that she would have been able to use the webchat function on her phone on the day of the event.

I do accept that Ms S was likely to have been very pressed for time during the event, but given the level of importance of having functional card machines (as T's representatives have described in detail), I think it is reasonable to have expected Ms S to have prioritised resolving this issue.

In addition, Ms S has said that – whether or not she was *able* to contact SumUp on the day of the event - it didn't occur to her to do so, and she has provided a detailed explanation as to why. The argument here, presumably, is that if I find that it was reasonable that it did not occur to Ms S to contact SumUp in the first place, the whys and wherefores of *how* she might have done so fall away entirely.

However, whilst I accept Ms S no doubt had many responsibilities and tasks on the day of the event, it is important to note that the complainant here is T, not Ms S. And I understand that Ms S was not the only person volunteering for T on the day – indeed she has told us that other people were helping her to manage volunteers. While I'm sure all those present had various responsibilities to attend to, I think it's reasonable to expect at least one person to have thought of and suggested contacting SumUp for assistance.

Lastly, T's representatives have argued that even if Ms S had managed to make contact with SumUp on the day, the hour I've allotted for getting the card machines working again is unrealistic. Primarily, this is because the documents Ms S would've needed to provide to support the process were at her home, which was some distance from the park in which the event was being held, and it would've taken more than an hour for them to be collected. I disagree. Given the location of Ms S's home, I think it would have been possible for her to have returned well within an hour, even taking account of some time for her to discuss the matter with SumUp (either on the phone or through webchat), and some time for her to collect her thoughts before doing so.

In summary, having carefully considered T's further representations, I still think it is more likely than not that SumUp could have resolved the matter within an hour if T had contacted SumUp on the day of the event.

T's representative's final argument in response to my provision decision relates to the redress I have proposed. They have said much of the merchandise they expected to sell



was branded with a date specific to the event, and so cannot be sold at a later event to recoup their losses. In addition, they have said they were unable to sell the beverages later due to licensing issues and expiration dates. Given this, T's representatives say the compensation should cover the full cost of this merchandise.

However, I think that if T's representatives had contacted SumUp on the day of the event, it is likely that most of the beverages and goods that would have been sold but for the card machine issues would still have been sold on that same day. I acknowledge that sales would still have been lower – due to the period in which the machines were not functional – but this is what the compensation I set out in my provisional decision is intended to cover. It wouldn't be fair for me to make an additional, separate award for merchandise.

### **Putting things right**

Having considered all the evidence, including the parties' responses to my provisional decision, I remain satisfied that £4,000 represents fair and reasonable compensation. My reasons are given above and in my provisional decision.

### **My final decision**

My final decision is that I order SumUp Payments Limited to pay T £4,000.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 24 April 2024.

Laura Colman  
**Ombudsman**