

The complaint

A company I'll call W complains that Elavon Financial Services Designated Activity Company (Elavon) closed its account, without notice. It says losing its ability to process payments caused inconvenience and meant it lost sales.

W is represented by a director I'll call Mr M.

What happened

On 7 March 2024, Mr M attempted to process a payment, but it didn't go through. When he called Elavon to find out what why, he was told Elavon had made a business decision to close W's account.

When Mr M complained, Elavon issued a final response letter, rejecting his complaint. The letter said W had failed a credit review and that the account had been closed in line with Elavon's terms of business. Mr M didn't accept Elavon's explanation because he felt W had a good credit rating, so he brought his complaint to our service. He wanted to know why Elavon had closed W's account, and he wanted Elavon to compensate W for its losses.

Our Investigator looked into the complaint, but she didn't uphold it. She was satisfied Elavon had acted in line with its terms of business.

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.

Financial businesses such as Elavon are entitled to close an account with a customer, so long as they do so in a way that complies with the terms and conditions of the customer's account.

Elavon issued a letter dated 7 March 2024, explaining it had closed W's account with immediate effect. I appreciate the closure came as a shock to Mr M, but, having reviewed the evidence Elavon provided or service against its terms of business, I'm satisfied Elavon's notice letter met its requirements under the terms of business. So, I don't consider it did anything wrong in not providing advance warning, or by failing to notify Mr M a different way.

The terms and conditions don't oblige Elavon to disclose the reasons for its decision to Mr M, and I can see Elavon didn't want to tell Mr M why it closed W's account. With that being said, our service is able to investigate the reasons behind a financial business's decision. And I've done that before reaching my conclusion.

Having reviewed the information Elavon has provided, I'm satisfied its decision to close W's account without notice was reasonable, and I see no reason to compel it to disclose the reasons for its decision. I recognise that will be frustrating for Mr M, but I hope he can take some comfort from knowing that an independent third party has carried out an investigation.

While this isn't the outcome Mr M was hoping for, for the reasons I've set out above, I don't uphold this complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask W to accept or reject my decision before 2 January 2025.

Alex Brooke-Smith
Ombudsman