

The complaint

J, a limited company, complains that Stripe Payments UK Ltd closed their account without any notice. They believe it was discriminatory to do so and would like the account restored.

J is represented by the director, Mr T.

What happened

In March 2024 J opened a merchant services account with Stripe, which allowed them to receive payments. But in April 2024 Stripe took the decision to close the account with immediate effect. When Mr T complained about this, Stripe responded to say that they considered the account too high risk. They felt they'd closed the account in line with their terms, and the remaining funds would be returned in 120 days.

Unhappy with this Mr T referred J's complaint to our service, saying he thought R had been illegally discriminated against because of the spiritual nature of the business. One of our investigators looked into the complaint but didn't think Stripe had done anything wrong. They reasoned that Stripe had been reasonable in blocking and subsequently closing J's account and didn't think this was down to the nature of J's business. They were satisfied the withholding of the funds was in line with the terms of the account, so they didn't ask Stripe to do anything further.

Mr T disagreed, saying that he believed the decision was discriminatory. As no agreement 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.

Stripe have a broad commercial discretion over who they provide merchant accounts for – there no specific obligation on them to provide accounts to every applicant. It would be rare for our service to say that an account should be reopened without very good reason. Mr T has raised the possibility that J was treated in a discriminatory manner by the decision to close the account.

The primary legislation in the UK that deals with discrimination is the Equalities Act 2010. But this act also makes it clear that only a court can decide whether the act itself has been breached. Our service is an alternative to the courts, so its not within my power to say whether this act has or hasn't been breached. Instead my role is to decide whether Stripe have been fair and reasonable in how they handled J's account – taking in to account any relevant legislation, regulations and what I consider to be good practice.

Stripe aren't under any specific obligation to explain to J why they've closed the account. In this case they have decided to just say that the account is considered high risk. Our service can treat certain evidence as confidential if the ombudsman considers is appropriate – for example if it contains information about third parties, or security procedures. In this case

Stripe have provided us with some further information about their decision to close the account. Having reviewed this carefully I see that it's appropriate that this information remain confidential, so I'm sorry to Mr T that I won't be detailing it in full here.

I see that Stripe's decision to close J's account was a legitimate commercial decision that they were entitled to make. I haven't seen anything to suggest that the spiritual nature of J's business played a part in the closure decision, or the assessment of the risk the account posed.

Ultimately, I'm satisfied that Stripe's concerns about risk were legitimate, and that the closure that followed was in line with the terms of the account. I've no doubt this was disruptive to J's business, and I appreciate this will have been upsetting for Mr T personally. But I'm not persuaded that Stripe have been unreasonable here.

Stripe withheld the balance of the account for 120 days, which is in line with the terms J agreed to when they opened the account.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask J to accept or reject my decision before 6 December 2024.

Thom Bennett
Ombudsman