

The complaint

Mr R complains that Curve UK Limited charged him £99.90 for a service which when he tries to use, they block the account or attempted transaction, causing him embarrassment and inconvenience.

What happened

Mr R says he paid £99.90 for a Curve subscription plan, but when he tried to use his card overseas his Curve card was blocked, causing him great embarrassment. He says he was asked to provide details from the cards and accounts he was using the Curve card for, but he didn't have these with him overseas as the Curve card is a replacement for using multiple cards.

Mr R says he had stopped using his Curve card due to this, but since he paid the £99.90 fee he decided to give them another chance. He attempted to use the card to make a purchase, but despite him having the funds available, he was again embarrassed to have the transaction declined. He said he's paid a £99.90 subscription fee for a service which when he uses, instead of being able to pay for things, he suffers embarrassment and inconvenience. Mr R made a complaint to Curve.

Curve did not uphold Mr R's complaint. They said in-depth risk assessments are performed on all merchants, and the decision to blacklist a merchant is made using a variety of factors and on this occasion the merchant was deemed as high risk. They said they had not blacklisted the merchant altogether, but some of their specific stores due to an increased risk of unauthorised transactions at those specific stores. Curve said Mr R would be able to still make transactions to that merchant online and at their other stores.

Curve said Mr R's account was originally blocked as part of their regular monitoring process is to conduct due diligence checks to ensure their customers are compliant with their terms of service. They said due to the spending pattern on Mr R's account, their risk engine placed the block as there were reasonable concerns regarding its security. Mr R brought his complaint to our service.

Our investigator partially upheld Mr R's complaint. He said having reviewed the initial account block, as well as the actions of Curve after the block was applied, he hadn't seen anything to suggest Curve did anything wrong as the block was applied in line with the terms, and they removed the block once the verification process was completed without any unnecessary delays. He said Mr R had used the benefits of the Curve card since it's been opened so he wouldn't ask them to refund the subscription fee.

Our investigator said Curve should pay Mr R £100 compensation as Payment Service Providers are obliged under the Payment Services Regulations 2017 to notify consumers about transaction blocks when it happens. He said if the customer confirms it was them that attempted the transaction, then the transaction should be allowed to go through.

Curve asked for an ombudsman to review Mr R's complaint. They said they did not suspect that fraud had occurred on Mr R's account at the time that he attempted to make the

transaction at that store, and as such they're not required to contact the customer to confirm whether the transaction attempts were genuine.

Curve said their Engineering team have confirmed that in instances where a customer experiences this type of decline, they are informed via an in-app message which states "*Transaction not allowed, please pay with your underlying card directly*". Curve said that the in-app message is in line with Regulation 82 of The Payment Services Regulations 2017. Curve say they acted in line with the terms of service for the account.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint

The block on the account when Mr R was overseas

I've reviewed the terms of service to see what Mr R and Curve would have had to agree to when the account was opened, and if Curve have acted outside of the agreed terms of service.

Section 2.3 of the terms set out when Curve can block, suspend or close an account. Here, the terms say "We'll block your account if we have reasonable concerns about your account's security or suspect unauthorised or fraudulent use of your Curve card, where our legal obligations require us to do this or where you owe us money."

Curve contacted Mr R by email to inform him of the block on 23 February at 10:45am, and they told him "We're getting in touch to let you know that your account has been automatically blocked as we need further verification in place for your account."

So I'm not persuaded that Curve acted outside of the terms by blocking Mr R's account when they had concerns about the account's security, and they wanted further verification from Mr R. Although Curve will have completed account opening checks, they disclosed to Mr R in the final response letter that they blocked Mr R's account due "to the spending pattern on your account, our risk engine placed the block as there were reasonable concerns regarding its security."

Curve then asked Mr R for further documents for verification. As Mr R was overseas, he didn't have everything available that Curve asked for, which I can empathise with the position that Mr R found himself in here, as it's understandable in the circumstances why he didn't have the underlying cards with him while he was overseas.

I've reviewed the email trail between Mr R and Curve, and it's clear the strength of feeling that Mr R has about what happened here. But as Curve had concerns about the security of Mr R's account, and they have a duty of care to protect his account from fraud and scams, I don't find it unreasonable that they wanted to verify certain information to ensure that it was Mr R who was genuinely using the account.

The block was removed within three days. So while I've no doubt the issue impacted Mr R and caused him distress while he was overseas trying to enjoy a holiday, I'm unable to conclude that Curve acted outside the terms here, or treated Mr R unfairly, even if he may strongly disagree on this point. Once the required documents were received, the block was removed in a timely manner.

The block at the merchant's store

I'd like to explain to Mr R that it is not within this service's remit to tell a business how they should run their security procedures, such as when to block attempted payments. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct Curve to make changes to their policies and procedures, if necessary.

Curve have an obligation to try and keep their customers' accounts safe and prevent fraudulent transactions. Sometimes they identify and block legitimate payments that a customer wants to take place. This can cause distress and inconvenience to a customer – but it doesn't necessarily mean they have acted incorrectly.

I've looked at the terms and conditions which were in place at the time of the block to see if these reference Curve being able to block a payment from Mr R. Section 12 of the terms set out when they can refuse or delay a payment. Here, Curve have disclosed to Mr R in the final response letter that they had concerns about the store he was trying to make the payment to, so they acted in line with the terms, and they didn't make the payment.

While of course I have a great deal of empathy for the position that Mr R found himself in, as the decline would have caused him great embarrassment, especially as he had the funds available, I can't say Curve made an error here in trying to protect Mr R's funds, even if the payment he wanted to make was to a legitimate, well known business.

I say this because Curve would be well placed to know how many of their customers have been affected by fraud and scams in this area. And fraud and scam trends can be fluid, in the sense that they are highly likely to change over time. So what may have been deemed as a lower risk previously can become more of a risk over time and vice versa. So I can't say that Curve acted against the terms by refusing to make the payment for Mr R.

But I've also considered if Curve acted in line with the relevant legislation here – The Payment Services Regulations 2017. Under Regulation 82, this sets out Curve's responsibility under "The refusal of payment orders". Regulation 82 (1) sets out the following:

"Subject to paragraph (4), where a payment service provider refuses to execute a payment order or to initiate a payment transaction, it must notify the payment service user of –

(a) the refusal"

Curve's Engineering team confirmed that in this instance, Mr R would have been sent an in-app message stating "Transaction not allowed, please pay with your underlying card directly". So I can't fairly say that Curve have breached the Payment Services Regulations 2017.

I've no doubt that what happened in the store would have been very embarrassing for Mr R here, especially given what happened when he was overseas with his Curve card, and again, I can empathise with the position he found himself in, but I can't fairly say that Curve acted unfairly here. And although it wasn't Mr R's preferred method of payment, I can see that he was able to use an alternative debit card to make the purchase he wanted to, which would help minimise the impact the issue had on him, albeit I acknowledge he would have still had the embarrassment of the declined transaction.

The Curve subscription refund request

Mr R paid a £99.90 subscription fee for the Curve card he holds. I've once again reviewed the terms of service to see if this mentions any refunds of the subscription fee. As Mr R didn't cancel the account in the first 14 days of holding the account, the following section of the terms would be applicable:

“If you chose to pay annually, the minimum subscription period is 12 months. This minimum subscription period will apply to each time your subscription is renewed. If you wish to cancel your subscription you may do so but you will not be refunded any amount of the annual subscription fee. You do not need to give us advance notice to cancel your subscription.”

So Curve are not obliged to refund all, or even part of the £99.90 fee that Mr R paid for his annual subscription. And I’m not persuaded it would be proportionate for me to order Curve to refund Mr R’s subscription fee. I say this as Mr R has been able to use the account at times, albeit there were also times when the account was blocked or a transaction he wanted to make was blocked.

Mr R confirms to Curve in a conversation I’ve read on 5 February 2024 that he had been able to use his card “with no issues whatsoever” before they notified him of the block. So if Mr R wishes for the account to be cancelled, he’ll need to contact Curve directly to do this, but it follows I don’t intend to ask Curve to do anything further.”

I invited both parties to let me have any further submissions before I reached a final decision. Curve accepted the provisional decision. Mr R did not respond to the provisional 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.

As neither party have provided me with any further information to consider, then my decision and reasoning remains the same as in my provisional decision.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr R to accept or reject my decision before 28 November 2024.

Gregory Sloanes
Ombudsman