

The complaint

G, a limited company complains that Stripe Payments UK Limited closed its payment services account.

G is represented by its director, Mr I.

What happened

In 2022, G opened a payment services account with Stripe. Mr I has explained that G designs and manage websites that take online card payment for other businesses. In October 2023, Stripe reviewed G's account. Following this Stripe gave G notice that its account would need to close, and it was closed on 18 October 2023.

Mr I appealed Stripe's decision to close G's account. Stripe reviewed its decision but maintained its position. Stripe told G that it wasn't happy to provide an account to G because G was outside its risk appetite, and its supported business list.

Mr I complained and said that Stripe's actions had severely impacted its business operations and caused financial losses of between £200,000 and £300,000 in commission payments due to the closure of G's card payment facility. In response, Stripe said the terms and conditions of its service agreement are clear, and these were agreed to by Mr I when he opened G's account. Stripe explained that G was outside of its risk appetite and G had breached its service agreement. So, it said it had closed G's account in line with the terms and conditions of the account. And didn't uphold G's complaint.

Mr I remained unhappy and brought G's complaint to our service. Mr I said he couldn't understand why Stripe closed G's account because it had been operating without any problems for some time. He also said that G wasn't a prohibited business according to Stripe's service agreement. And that he had made any changes Stripe had requested to how G was operating, which had included changing codes to connected accounts. He wants Stripe to pay compensation for the financial losses and inconvenience G has suffered. He also wants Stripe to reopen G's account.

One of our investigator's looked into G's complaint. She said Stripe hadn't done anything wrong when it had closed G's account. And she said that Stripe didn't have to provide an explanation to Mr I as it was a commercial decision it was entitled to make. However, she thought Stripe should have communicated better with Mr I about its appeal process. And incorrectly told Mr I that it needed more information as part of its review when it had already decided to close G's account. So, she said Stripe should pay G £100 for the delays this caused.

In response to the investigator's view, Stripe acknowledged it should have started the appeal process sooner. It apologised and said it would pay £100 into G's account, which has a negative balance, to help reduce what G owes. Mr I didn't agree with the investigator's outcome. He said any issues with G's account is down to Stripe's systems. He said there

must have been an error and the closure of G's account is unjustified. So, he wants more compensation and G's account reopened.

As no agreement could be reached the matter has come 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.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks and financial businesses as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Stripe has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr I, but I'd like to reassure him that I have considered everything.

It's clear from the information provided by Stripe that Mr I (on behalf of G) signed up to a set of terms and conditions within the service agreement, when he took out the card payment account. Mr I doesn't appear to be disputing that these terms and conditions exist as a requirement of the account.

Stripe is entitled to end their business relationship with a customer, as long as this is done fairly, doesn't breach law or regulations and is in keeping with the terms and conditions. In this instance the terms of Mr I's account say that in certain instances Stripe can close accounts with immediate notice and by providing two months' notice to a customer. And it doesn't have to provide a reason for doing so.

Stripe wrote to Mr I on 3 October 2023, to let him know it had decided to close G's account immediately. For Stripe to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence including the information Stripe has provided to this service in confidence, I'm satisfied that Stripe did. And that it was entitled to close the account as it's already done.

I've then gone on to consider whether Stripe's reason for closing G's account was fair. In doing so, I appreciate that Stripe is entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite Stripe should have in place. Stripe has provided some further details of its decision making process, I'm sorry but I can't share this information with Mr I due to its commercial sensitivity. But I've seen nothing to suggest Stripe's decision around closing G's account was unfair.

On balance when considering all the information available to me, including how G was using its account, and the terms and conditions of the account, I find Stripe had a legitimate basis for closing G's account without notice and not tell Mr I why.

Mr I has said he believes that Stripe have miscategorised G's business and that it doesn't fall within its restricted business list. I understand the point Mr I is making here, but I'm afraid it doesn't change my mind. That's because I've also considered the information Stripe has provided to this service in confidence about how G was using its account. Given the reasons for closing the account, I'm satisfied that Stripe has made a commercial decision that they don't want to provide G with an account. And unless there's a very good reason to do so, our service won't usually say that a business must keep a customer or require it to compensate a customer who has had their account closed.

Mr I is seeking substantial compensation for loss of commission payments he says was caused by Stripe closing G's account. He estimates these losses between £200,000 to £300,000. I appreciate that it was also inconvenient for G when Stripe closed it account. So, I realise Mr I will be disappointed by my decision. But it wouldn't be appropriate to make an award of compensation for that, since I don't believe Stripe acted unfairly.

Finally, the investigator recommended Stripe should pay G £100 compensation for its poor communication. Stripe has accepted that the service it provided to G fell short – it didn't acknowledge Mr I's appeal as quickly as it should have done. I can see that Mr I spent time submitting information and chasing a response from Stripe. So, I am satisfied he had to spend time, as Director of G, away from running his business. Taking everything into account I think £100 is enough to compensate G for any inconvenience caused. So, I won't be asking Stripe to do anything more.

My final decision

For the reasons I've explained, my final decision is that I partly uphold this complaint. If it hasn't already done so, to put things right, Stripe Payments UK Limited should pay G £100 compensation for the inconvenience caused by its poor service.

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 18 November 2024.

Sharon Kerrison
Ombudsman