

## The complaint

A company which I'll refer to as E, complains that WorldPay Limited (WorldPay) unfairly declined various transactions on its account (the Account)

In bringing this complaint, E is represented by its director, who I'll refer to as Mr B.

## What happened

The background to this complaint is well known to the parties, so I won't repeat it in detail.

Briefly, in 2005, E signed a Merchant Services Agreement (the Agreement) with WorldPay to process card payments made by its customers.

Mr B has told us that:

- Over the years, E has had a considerable number of declined card transactions, but these increased significantly in 2022.
- In 2023, on behalf of E, he brought a complaint to this service about the issue and this was looked into.
- In December 2023, the ombudsman issued a final decision which, in part upheld E's complaint and ordered WorldPay to reimburse certain transactions that were declined unfairly.
- But in the final decision, the ombudsman said this:

*"Although in the course of our investigation Mr B has sought to expand its scope to encompass events both preceding March 2022 and beyond December 2022, I do not think this would be fair. The events considered by WorldPay were those that took place between those two dates. Matters that remain of concern to E beyond those dates should rightly be referred to WorldPay to look into separately. They should then be the subject of a final response letter separate from that which was issued on 13 January 2023 which covered the March through to December 2022 period".*
- So, in light of the ombudsman's comments, he complained to WorldPay about transactions that were declined throughout 2021 through to March 2022, as well as those that occurred after December 2022.
- He told WorldPay that he wanted a list of all the declined transactions for the two periods just mentioned and the total amounts reimbursed to E.

WorldPay considered the complaint and in their final response letter dated 11 January 2024, they said – in summary:

- Declined transactions are an ever-present feature of card payments and a 100%

authorization rate can't ever be guaranteed. And historically, E has had high decline rates on its transactions. Moreover, matters to do with the authorization and decline of card transactions aren't their responsibility. Rather, they are matters for the card issuer.

- They provided E with a full list of transactions for 2021 and 2023 as requested. Considering the 2021 list of transactions, it is reasonable to conclude that those that were declined on the Account between January 2021 and March 2022 were legitimate. And not least because those declines predated the error they made in 2022 when they wrongly configured the Account when implementing the European Union's Payment Services Directive 2 - "PSD2" regulations which caused the wrongful declines at that time.
- In relation to transactions that occurred after December 2022, apart from January 2023, the data showed that by and large declines had reverted to pre-March 2022 levels. In all likelihood, they believed because they'd found and implemented a fix to stem the spike in the declines that occurred between March and December 2022.
- But the January 2023 data did, however, show a decline rate that was anomalous, when compared to the rest of the year. After reviewing the decline data from the card issuers more closely, specifically the decline response codes that E had received, they noticed there were a few transactions that received codes ( "06 – Error" and "R1 Revocation of auth order) that could have had some relationship to the fix that had been applied in December 2022.
- When the declines were filtered yet further to show these two codes alone, 16 transactions were affected. However, a number were duplicated arising from repeated attempts to put through the same card payment. The removal of the duplicates resulted in a total of seven transactions that seemed to have been declined under the two codes just mentioned which in turn gave a combined transaction value of £1,339.93. So, they offered to reimburse the amount in full and final settlement of E's complaint.

But E's complaint remained unresolved, and, on its behalf, Mr B referred it to this service to look into.

One of our investigators did so. But he felt the response WorldPay had issued to E's complaint – including the offer to reimburse £1,339.93 – already represented a fair outcome. He said the following – in summary:

- He can only recommend compensation for loss arising from declined transactions where E has provided evidence of an error by WorldPay during the two periods under consideration. But he found no such evidence from his review of the transaction data prior to March 2022. Based on that, he was not persuaded there were any declined transactions that were a result of an error by WorldPay.
- He agreed with WorldPay that PSD2 wasn't in play prior to March 2022 and so between January 2021 and March 2022 the declined transactions couldn't be attributable to any error caused by the PSD2 implementation.
- He was satisfied from checking the data that the declined transaction between January 2021 and March 2022 resulted from legitimate reasons – including the blocking of transactions by E's customer's bank, where payments were being attempted with an expired card or from an account with insufficient funds. Although he acknowledged these reasons were not exhaustive, he was satisfied they were the main reasons for the declines during this period
- He also considered the transactions for January 2023 and agreed with WorldPay's analysis which showed 90 declined transactions during that month. And of those 90

declined transactions, he was satisfied that seven were declined seemingly for no legitimate reason. But he also noted WorldPay's submission that these were likely declined because of the issues the Account faced in 2022 - meaning WorldPay were also likely to have been at fault.

- He believed WorldPay were right therefore, to offer E compensation equivalent to the seven transactions that were unfairly declined which amounted to £1,339.93.

Mr B didn't accept the investigator's conclusions. He maintained that WorldPay's offer didn't go far enough. He said in summary that:

- Although he acknowledged WorldPay have accepted responsibility for the erroneous declines in January 2023 and agreed to reimburse the amounts proposed, he cannot accept the conclusion there can't have been any error by WorldPay between January 2021 and March 2022.
- Whilst noting the reasons given by the investigator for the 2021 declines, nonetheless he doesn't think the issue is as simple as presented, that it was customer errors or insufficient funds that caused the declines to occur.
- He doesn't think declined transactions are always solely due to customer issues. In other words, problems such as the account setup or technical configuration at WorldPay's end can also contribute to such declines. This possibility, therefore, requires deeper examination – including a more detailed review of WorldPay's system logs or configuration changes to the Account as this may shed more light on what took place in relation to the Account.

### **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.

Where the evidence is incomplete or inconclusive (as indeed some of it is here) I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

Having reviewed this case, however, I've come to the same overall conclusion as the investigator and for broadly the same reasons.

WorldPay sent Mr B the full transaction list for 2021 and 2023. They've argued that there are no similar spikes as occurred in 2022 which might have led to concerns about the data. I agree with that conclusion. More to the point, Mr B has not challenged that evidence. Rather he has submitted that declines can occur that have nothing to do with customer issues. I agree with that conclusion also, not least as this was borne out by the events of 2022.

But WorldPay is right that decisions concerning whether to authorise, or to decline transactions are not matters for them – meaning they aren't the ones making those decisions. Rather it is card issuers that do so. So, for me to require WorldPay to compensate E for any of the declined transactions in 2021 and in 2023, I'd need to find they'd made an error. In other words, that there was something wrong with WorldPay's systems, that caused the declines, as indeed happened in 2022. Without such evidence, it's difficult to see how I can fairly hold WorldPay responsible for declined transactions on the Account in 2021 and 2023.

*declined transactions in 2021*

I've reviewed the same data showing the transactions that WorldPay sent to Mr B. E did not face the same issues in 2021 as it did in 2022. In other words, the trigger for the 2022 problems – PSD2 did not come into play until after March 2022. As noted above, E brought its complaint to us in 2023 against the background of significant historic declined transactions on the Account in 2022

And after looking into the circumstances in which they occurred, we concluded that the spike in declines that E experienced had to do with WorldPay's implementation in March 2022 of the PSD2 regulations. In particular they introduced a new and more robust customer authentication regime known as 3D Secure to comply with PSD2. And because WorldPay had configured E's account incorrectly, transactions that ought to have bypassed the new process as they were recurring transactions, instead were being caught until December 2022 when WorldPay fixed the problem.

I appreciate Mr B doesn't regard this as a pivotal point, but I think it is. As a first step, reasonably I'd have expected Mr E to present evidence of an unusual spike in declined transactions in 2021, that might then suggest the possibility of an error in WorldPay's systems.

Looking at the transactions that were declined throughout 2021, I've seen no evidence WorldPay made errors.

The evidence shows E does have a high level of declined transactions. It wouldn't be right for me to speculate as to the reasons for this. But I've seen no evidence there was a spike in such declines in 2021. I agree with the investigator that a sample of the 2021 declines show they occurred for what does seem to be legitimate reasons – including out of date cards and insufficient funds. Mr B was given the opportunity to consider the transactions and although I note his wish that a deeper examination should be conducted into them, I don't see how that would be fair and reasonable without any clear indication from Mr B where he thinks there were errors or in some other respect WorldPay acted unfairly towards E. And to be clear, I don't believe that to be the case.

*declined transactions in 2023.*

Here too I've looked at the list of transactions WorldPay shared with Mr B. As noted above, WorldPay did so after they conducted their own review and noted the anomalies that I've explained in my summary of their submissions.

From my own review, I too have noticed the error codes WorldPay mentioned, and I agree with the data which showed there were 90 declined transactions during that month. And of those 90 declined transactions, 16 were declined seemingly for no legitimate reason. And when drilled down further, I'm also satisfied there were 7 transactions that were declined under codes "06 — Error" or "R1 Revocation of auth order" with a combined transaction value of £1,339.93.

I have no reasonable basis for doubting WorldPay's explanation that these declines could be in a limited way the consequence of the fix that had been applied in December 2022 – meaning they were errors attributable to WorldPay. So, I was pleased to see that they agreed to reimburse the amounts to E as this was the right thing to do.

Overall, however, I agree with the investigator that there were no further anomalies of this type in the subsequent data listing the 2023 transactions. So, I don't think I can fairly require WorldPay to pay further compensation to E in respect of any further declined transactions

**My final decision**

Given the above, I'm satisfied the £1,339.93 by way of reimbursement that WorldPay Limited have offered E is fair and reasonable in this case. This should be provided to E, if it hasn't been already. I don't require WorldPay Limited to do anything more than this, in respect of E's complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask E to accept or reject my decision before 8 July 2025.

Asher Gordon  
**Ombudsman**