

The complaint

R complain Stripe Payments UK Limited (“Stripe”) closed their account with immediate effect without notice nor provided a thorough explanation. R add Stripe hasn’t applied its terms fairly as their business activity doesn’t fall into its prohibited list.

R say Stripe’s actions have caused them business disruption, potential loss of reputation, inconvenience, and distress. And to put things right, the account should be reinstated, at least £10,000 compensation paid for business losses, and further compensation for the distress caused.

What happened

The details of this complaint are well known by both parties, so I won’t repeat them again here in detail. Instead, I’ll focus on setting out some of the key facts and on giving my reasons for my decision.

In May 2024, Stripe notified R their business was in violation of its service agreement as its unable to accept payments for products that *infringe upon or facilitate the infringement of the intellectual property of a third-party* as referenced in its *Restricted Business list*. And that due to the high-risk nature of this violation, Stripe can’t provide R with a notice period, it’s closed their account, and will no longer accept new payments.

R say it found Stripe’s notice vague and without basis, so they challenged its decision. In response, Stripe said having completed a review of its decision, it’s still unable to support R as their business type falls under one of its restricted categories.

Unhappy with Stripe’s actions, R complained. In summary, they made the following key points:

- They provide server hosting and data storage services exclusively to legitimate businesses.
- Through stringent terms of service and compliance checks, R ensures no illicit or illegal activities or infringement of intellectual property occurs on their platforms.
- To put things right, R want reinstatement of their account and related services, clear evidence of why and how Stripe classified their business under restricted activities to intellectual property infringement, and a proper review of its decision.

Stripe didn’t uphold R’s complaint. In summary and its final response, it made the following key points:

- R’s business was included in Stripes Prohibited and Restricted Businesses list. Per Stripes Services Agreement, it cannot support businesses on its Prohibited and Restricted Businesses list. So, it closed R’s account in line with it service agreement.
- Stripe isn’t able to disclose any further information.

R referred their complaint to this service. I note they also sent in supporting documents setting out the type of business they are engaged in, and that for which they are

assured/accredited for. Amongst other things, R emphasised that Stripe clearly has no idea about what their business does, and so it doesn't have legitimate grounds to terminate the relationship.

One of our Investigator's looked into R's complaint. They asked both parties to provide further information and explanations. This included R setting out a list of the business services they provide, and exactly what service Stripe thinks is prohibited in its terms. In short, Stripe said its decision relates to 'Cyberlockers' being prohibited, and that R provide file storage and sharing services which are therefore unsupported.

Our Investigator recommended R's complaint isn't upheld. In short, their key findings were:

- Stripe has its own criteria and risk assessment for deciding whether to open (or close) accounts. Having looked online to determine a definition for 'Cyberlockers', it relates to the provision of cloud and online storage. And from the information R has provided about their business, and the information on their website, they provide both cloud and online storage.
- So, Stripe acted fairly and in line with its terms and conditions when closing the account.

R didn't agree with what our Investigator said. They say the complaint hasn't been considered properly and pointed to other third-party businesses who use Stripe's services and are engaged in activities which Stripe prohibits for similar reasons.

Our Investigator reiterated that Stripe had acted fairly in applying its terms, and they can't comment on other third-party business as they are not related to this complaint. R said our Investigator hadn't considered the supporting documents about their business services properly. Our Investigator explained they had and listed what these were.

As there was no agreement, this complaint has been passed to me to decide.

What I've decided – and why

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything R and Stripe have said before reaching my decision. To avoid any ambiguity, this includes the supporting documents R has sent to support their assertion that the business services they are engaged in are not prohibited.

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

Having done so, I have decided not to uphold this complaint. I'll explain why.

Flowing from Stripes terms of service, it sets out the following pertinent provisions in its "*Prohibited and Restricted Businesses*":

"..... Businesses in these categories require additional due diligence by Stripe in order to

confirm our ability to support them. When you create your Stripe account, you will be asked to provide additional information (such as proof of relevant licences or more details about your business model) to confirm your eligibility to use Stripe. Due to card network rules, requirements of financial partners, and our own compliance and legal obligations, if your business falls into one of the categories below, Stripe might not be able to grant approval for your business to use our products. If we do provide approval, note that the approval is specific to each service offer, and it may be modified or revoked by Stripe at any time per the terms of the Stripe Services Agreement.....

....Cyberlocker and file-sharing services”

I've looked into what the term 'Cyberlocker' means, and broadly I'm satisfied it means an internet service that allows users to store and share files online. R's website says it provides, amongst other things: online storage, virtual server hosting, and cloud storage.

I'm satisfied this meets the definition as per Stripe's Prohibited and Restricted Businesses policy and terms.

Stripe's service agreement permits it to close an account if any part of its agreement is breached. On a fair and reasonable basis, I'm satisfied the prohibited and restricted business provision forms part of the service agreement. Because of that I'm satisfied Stripe has fairly applied its terms when it decided to close R's account.

I can't comment on other third-party business as they are not related to this complaint.

I'm sorry to hear that the closure impacted R in the way they have said. But as Stripe hasn't done anything wrong, I see no basis in which to award any compensation for business losses and inconvenience.

My final decision

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 14 April 2025.

Ketan Nagla

Ombudsman