

The complaint

C, a limited company, complains that Worldpay (UK) Limited unreasonably closed their merchant services account, and charged them fees for transactions they didn't receive. They say this led to their business losing clients and would like to be compensated.

What happened

C had a merchant services agreement with Worldpay, to allow them to take card payments. In June 2024 they had issues with the virtual terminal (VT), which took time to resolve, and then needed to contact Worldpay as their transaction limit wasn't set at the agreed amount. Worldpay agreed to pay £51.06 to resolve this.

C attempted to take a payment of £10,837 by manually keying in the details, but this was declined several times. The payment was attempted successfully the next day, but C discovered that Worldpay had restricted the use of the account.

After ten days Worldpay wrote to C to say that they would be terminating the agreement. They also said that they would be withholding the remaining balance for 120 days, to mitigate the risk of any chargebacks.

A chargeback claim was raised against the £10,837 was later raised in July 2024, and the funds returned to the payee.

C complained to Worldpay, saying that the difficulty receiving payments had been caused by Worldpay erroneously setting their transaction limit to £5,000. Worldpay responded to say that a review was being carried out by their transaction monitoring team – and that they were satisfied that they had acted in line with the terms of the agreement. They said they wouldn't be willing to release any funds during the 120 days of chargeback liability period.

Dissatisfied with this, C referred their complaint to our service. One of our investigators looked into what happened, but she didn't think Worldpay did anything wrong. She thought the declined payments were down to the cardholder's bank, rather than any error by Worldpay. She thought it was reasonable for Worldpay to carry out a review, and ultimately thought the decision to terminate the agreement and retain the balance wasn't unreasonable.

C disagreed, sending further information about the problems they've had with their payment limits. But this didn't change our investigator's mind. 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.

Having done so, I've broadly reached the same conclusion as the investigator.

From the emails C has provided, I'm satisfied that C had problems with their VT and transaction limits, which Worldpay had to resolve before they could take payments.

But on the issue of the declined transactions, the technical data provided by Worldpay shows that the attempts to take the payment for £10,837 were likely declined by the card issuer. I appreciate C believe this was related to issues they were having with their transaction limit. But the data shows that five attempts were declined with the Visa code "Do not honour" and one returned a code that the card was expired. It's unclear why this was the case, but ultimately these declines came from the card issuer. I've seen nothing compelling to suggest that the declines were down to any restrictions or limits placed by Worldpay.

The payment was successful the next day, but Worldpay then placed restrictions on the account. There are legal and regulatory obligations Worldpay must meet when providing accounts to their customers. Broadly these obligations can be described as a duty to monitor payment transactions and accounts for signs of financial crime or financial harm, and to take appropriate steps if they have concerns.

These obligations mean that on occasion Worldpay may need to take a closer look at an account, or its activity, to get a better understanding of what's happening. And they may choose to prevent any further transactions while this takes place. There is provision for this in the terms of C's account.

There's no requirement for Worldpay to explain to C what prompted a review – and they haven't here. But the fact there were six declined card not present transactions in quick succession is going to prompt some reasonable concern.

I'm not suggesting C were attempting to do anything untoward, and they've commented they were having issues with the terminal at the time. But overall, I'm not persuaded that Worldpay's decision to block C's account was unreasonable.

The review was completed within 10 days, which I see as a reasonable time. The outcome of the review was that Worldpay decided to close C's account and retain the remaining funds for a period in case of chargebacks.

The decision to close an account is generally a commercial decision for Worldpay to make, and it's generally up to them to decide which businesses they wish to provide accounts to, and on what terms. Similarly to when they initiate a review, there's no expectation that Worldpay should explain why an account has been closed – and here they've not provided a detailed explanation to C.

But Worldpay have provided some further details on the closure to our service, which I'm satisfied that the rules of our service allow us to treat as confidential. So, I'm sorry to C that I won't be detailing this in full here. But I'm satisfied that the closure was a legitimate commercial decision, that Worldpay were entitled to make.

The terms of the account allow Worldpay to hold any received funds for up to 120 days, pending any potential chargebacks. I'm satisfied that this is common industry practice for merchant services accounts and wasn't unreasonable. And here the funds were later charged back by the payer in July 2024.

Overall, I understand why C would be disappointed, and I'm sorry to hear how they feel this has affected their business, although I do note that the Worldpay account had not been used regularly prior to this transaction. But I'm not persuaded that Worldpay have been unreasonable or unfair in how they've handled the review and closure of their account. As such, I'm not asking them to do anything further.

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 C to accept or reject my decision before 6 August 2025.

Thom Bennett
Ombudsman