

The complaint

A company I'll call M complains that U.S. Bank Europe DAC (Elavon) blocked and closed its account, without giving notice and without explaining why.

M is represented by its director, Mr G.

What happened

On 16 July 2023, Elavon blocked M's merchant services account and issued a letter to M confirming its account would close in two months' time and that the account would remain blocked until it was closed.

Mr G said he didn't receive the letter and only found out that M's account was blocked when he contacted Elavon to ask why the account wasn't working. Mr G complained to Elavon, saying he hadn't done anything that would cause Elavon to close the account, and that he didn't receive the notice.

Mr G said he had wasted \$500 on a marketing campaign because of the lack of notice, which he wanted Elavon to pay for. And he also wanted Elavon to explain why it had closed M's account, and to reinstate the same. Elavon rejected M's complaint, saying it had exercised its right to end its relationship with M following a review of the activity on M's account.

Mr G didn't accept Elavon's answer, so he brought M's complaint to our service. Our Investigator upheld M's complaint and awarded £150 compensation for the inconvenience Elavon caused M. He didn't think it had done enough to justify a decision to close the account without notice.

Elavon rejected our Investigator's findings and provided our service with further context to support its decision. Mr G rejected the outcome, saying he wanted £500 in compensation.

Because there was no agreement, the matter came to me to issue a final 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.

Account block

Financial businesses in the UK like Elavon are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. That sometimes means they need to restrict customers' accounts while they carry out a review.

So, in order to make an award in favour of M, I would need to be satisfied that Elavon acted unfairly or took actions it wasn't entitled to take given all of the circumstances that were present at the time it decided to block and review M's account. And, having looked at the

evidence both parties have provided, I'm satisfied Elavon acted in line with its legal and regulatory obligations when it blocked M's account. And that it was entitled to do so under the account terms and conditions that governed the relationship between Elavon and M.

Elavon isn't obliged to explain the reasons for its actions or give advance warning of a block, so I won't ask it to disclose its reasons to Mr G. With that being said, Elavon has disclosed the reasons for its decision to our service, and I'm satisfied with its explanation. Elavon told Mr G its decision wasn't simply based on two suspicious transactions he reported, and I can see that that is correct and that there were other reasons.

However, while I'm satisfied Elavon was entitled to block the account at first, I haven't seen evidence to justify its decision to keep the account blocked for the next two months. I'll address that point below.

Account closure

Just as Elavon is entitled to block an account, it is also entitled to close an account with a customer, so long as it does so in a way that complies with the terms and conditions of the customer's account. The terms of business that governed the relationship between Elavon and M provide for the circumstances in which Elavon can end its relationship with M. They say Elavon can do so by providing two months' notice, or without notice in certain circumstances.

Elavon has told our service which of its terms it relied upon in terminating M's agreement without notice, and it's given our service information that it says justifies its decision to do so. However, as I said above, while I accept Elavon was entitled to block the account temporarily, I haven't seen justification for the account to remain blocked throughout the notice period. And the effect of Elavon doing so was that M had no notice or time to make alternative arrangements.

Elavon did furnish our service with additional information after our Investigator issued his findings, and I can see why it chose to deny M the use of its account. But on balance, I'm not persuaded it has produced sufficient evidence to support the concerns it had, such that it needed to block the account immediately and until it closed. And I'm not persuaded that the evidence and information it submitted justifies closure based on the term on which it seeks to rely.

Compensation

With the above in mind, I've thought about what Elavon should do to put things right for M.

Mr G claimed M lost \$500 on a wasted marketing campaign for M, but he didn't provide evidence to show that M had spent that money and hadn't benefitted from it. Our Investigator stated in his outcome that he wasn't awarding compensation because he hadn't seen evidence in support of the loss claimed, and Mr G didn't submit any further evidence when he was given the opportunity to do so after our Investigator's findings.

Without evidence to show M's loss, I can't reasonably make an award. And I haven't seen evidence of any significant impact on M's ability to trade as a result of the block/closure of the account. With that being said though, I accept that M was put to a level of inconvenience as a result of being deprived of the usual notice period. I can see M's director's attention was taken away from day-to-day business matters to deal with the fallout of this matter. And I'm satisfied that £150 represents fair compensation.

My final decision

My final decision is that U.S. Bank Europe DAC must pay M £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 13 March 2025.

Alex Brooke-Smith
Ombudsman