

The complaint

Mr K complains that SumUp Payments Limited have unreasonably closed his business' merchant services account and withheld the funds. He'd like the funds released and £10,000 compensation.

What happened

Mr K's business, C, held an account with SumUp to provide payment services. But in February 2025 SumUp contacted him to say that they had permanently terminated the account. They offered to either refund all payments received, or to have the funds withheld for two months to cover and potential chargebacks.

Unhappy with this Mr K complained. SumUp responded to say that they had acted in line with the terms of the agreement, and reiterated that Mr K could choose whether to have the funds held for two months, or arrange a refund to his customers.

Mr K referred his complaint to our service, saying SumUp had been unethical and unlawful, and had engaged in deceptive business practices. He asked for the immediate release of his funds, and £10,000 compensation. One of our investigators looked into the complaint, but didn't think SumUp had done anything wrong. She was satisfied that SumUp had acted in line with their terms in closing the account, and it wasn't unreasonable for the bank to withhold the funds pending any chargebacks.

Mr K disagreed, and as such the complaint has been passed to me 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.

Mr K has raised the question of whether SumUp's actions were lawful. But matters of law are for courts to decide upon, so this isn't a finding I can make for him. Our service is an informal alternative to the court system, tasked with deciding individual complaints based on what the ombudsman considers to be fair and reasonable. In this decision I've taken in to account the relevant legislation – but also the terms of the agreement, regulations, and what I consider to be good industry practice.

I've considered all of Mr K's submissions carefully, but in this decision I will concentrate on what I consider to be the key points. So, if I don't mention something, it isn't because I've not considered it, or failed to take it on board, but rather I do not see I need to to reach a fair and reasonable outcome.

Account closure

SumUp have a broad commercial discretion in who they provide accounts to, and under what terms. This means that they can generally decide to close accounts if they make the decision they no longer want to keep servicing them. It would be rare that our service would

say they would need to continue servicing an account when they've already made the decision to close it, unless there was very good reason to do so.

The terms of Mr K's account with SumUp outline that they can close an account without notice, only in limited circumstances. SumUp haven't provided an explanation to Mr K for the account closure, beyond that there are security measures imposed upon them by the industry regulator. And it came shortly after C received a payment of approximately £580, after an extended period of inactivity.

There's no specific obligation on SumUp to provide a fuller explanation to Mr K. However, they have provided further information to our service. Under the rules our service operates under, we can treat certain evidence as confidential – for example if it contains information about third parties, or is commercially sensitive. In this case I'm satisfied it's appropriate for this information to remain confidential, so I'm sorry to Mr K that I won't be detailing it in full here.

Overall, I'm satisfied that SumUp have closed the account in line with the terms. So, I can't see that they've been unreasonable here – the terms are very clear that they can close accounts in this way, and Mr K would have had to read and agree to these terms before opening the account. So, I don't agree that they've been deceptive.

In any event the account history shows that the account hadn't been in regular use – the previous credit using the account before February 2025 was in 2023. So, I cannot see that the closure would have reasonably caused any material impact on C's business.

Withholding of funds

The terms of the SumUp also outline when they can create a "reserve" – which is typically used mitigate any risk of chargebacks, or other claims of funds paid in. This is not unusual for providers of merchant services, and I'm satisfied that is a common industry practice. Again, as it was outlined in the terms Mr K ought reasonably to have been aware of this possibility.

Ultimately, SumUp gave two options – to either return the remaining funds of approximately £580 to the original payer, or to hold them for two months. Both are in line with the terms of the account. And considering SumUp's concerns that led to the closure, I don't see that this was unreasonable of them.

Mr K did not choose between these two options – so SumUp continued to hold on to the funds, as the closure notice explained they would. I appreciate Mr K will have found this frustrating, but I don't see that this was unreasonable, or outside of SumUp's legal and regulatory obligations.

I understand that the remaining funds have now been returned to C. And having reviewed the correspondence I'm satisfied that there were no unreasonable delays caused by SumUp. On that basis, I'm not asking SumUp 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 18 July 2025.

Thom Bennett
Ombudsman