

## **The complaint**

A company, which I'll refer to as S, complain about the upgrade of its account by GoCardless Ltd (GoCardless). S says this happened without prior notification or consent.

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

## **What happened**

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

Briefly, in May 2019 Mr G opened an account (the Account) with GoCardless for his business which at the time, he operated as a sole trader. Mr G elected to have GoCardless' standard plan which cost 1% per transaction. No monthly fee was included in the package.

Mr G has told us that:

- In April 2023, he decided to incorporate the business into the limited company - S. But during that process, the Account was upgraded from the standard plan on which historically it had operated, to GoCardless' Pro Plan (the Plan) costing £240 per month.
- Between May 2023 and February 2024, GoCardless charged this amount for the Plan. But he did not choose the upgrade and the timing of it suggests it may have been processed automatically or on the assumption that S wanted the upgrade because of the change in its business structure.
- Although following the upgrade, GoCardless did issue invoices, the charges shown on them were not itemized. Only "monthly fees" were referred to which masked the fact they included features that were never activated or used by S.
- Ultimately, GoCardless decided to issue credit notes for incorrectly charged fees. This demonstrated that GoCardless acted improperly when they charged them. So, their insistence that S still owes them £2,160 in fees for the Plan is unfair as those fees were also improperly charged.
- To put things right, GoCardless should waive the £2,160 fee and pay compensation for the inconvenience S has suffered on account of these events.

In response to S' complaint about the transfer of the Account to the Plan, Go Cardless didn't think they'd done anything wrong. Relying on the timeline of events, they maintain that:

- In April 2023, on S's behalf, Mr G did request the Plan as an upgrade package. And on 25 April 2023, he contacted GoCardless by e-mail to say he would like the custom payment pages and offline mandate features of the Plan to be enabled. GoCardless did so on 26 April 2023.
- From 1 May 2023, the Account was transferred to the Plan at the monthly cost already mentioned. And monthly invoices were being sent to S.

- In August 2023, GoCardless told Mr G that the Account was on the Plan and that he needed to set up a direct debit for monthly payments. This never took place, due to GoCardless' error. So, the monthly fees went unpaid from the date of transfer in May 2023.
- They made another error in connection with this case. They sent emails to S In November 2023 and January 2024 informing it of their new pricing plans. In particular that from 1 March 2024 the Account would migrate to their new Pro Pricing Plan unless by 9 February 2024 S submitted a form indicating its preference for a different plan.
- Although on 24 January 2024, S asked to be moved to their Standard Plan, it sent its request to an unmonitored email address. And because of that, S's request wasn't actioned – meaning in error on 1 March 2024, the Account migrated to the new Pro Pricing Plan. It was in recognition of that error they decided to credit the Account with fees that S shouldn't have been asked to pay for being on the new Pro Pricing Plan.

However, S's complaint remained unresolved and Mr G therefore, referred it to this service to look into.

Our investigator did so. And, in summary came to the conclusion that:

- Based on the evidence she'd seen, it was more likely than not that on behalf of S, and contrary to his submission, Mr G requested the upgrade to the Plan.
- Also, based on Mr G's correspondence with GoCardless, he was aware of the upgrade as early as 25 April 2023. And despite subsequent opportunities for him to question the upgrade; especially in his April and August 2023 correspondence with GoCardless he didn't do so, which suggests that he had no issues with the upgrade.

Mr G didn't accept the investigator's conclusions and on behalf of S, wrote with further detailed submissions. In substance, they largely expanded the arguments he'd originally made in support of the case against GoCardless. I summarise the key points. Mr G said:

- GoCardless haven't provided evidence that he manually upgraded the Account to the Plan.
- He did receive an email from GoCardless in April 2023, thanking him for signing up to the Plan. However, GoCardless did not make him aware this meant an upgrade costing £200 + vat per month.
- GoCardless' claim that his 25 April 2023 email meant he agreed to the upgrade is misleading. Merely asking, as he did, about the features of a product isn't equivalent to agreeing to an upgrade with recurring monthly fees.
- In any case, he was diagnosed with ADHD in November 2022. The condition affects his ability to process complex administrative tasks. And he's not able to make sense of unclear financial commitments. GoCardless' lack of transparency and misrepresentation of their charges, as well as their complex processes, made it difficult for him to detect earlier the issues he's now complaining about.

## **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.

To begin with, I acknowledge how strongly Mr G feels about this complaint as is shown by his extensive submissions. I want to assure Mr G that I have considered all the points he has

made. But without wishing to be discourteous, my decision won't address all of them. That is because in keeping with our role as an informal resolution service and as our rules allow me to do, I will focus on the issues I find to be material to the fair outcome of this complaint.

The specific issues that I have to decide are straightforward. First, whether on behalf of S, Mr G upgraded the Account to the Plan. Secondly, if Mr G did so, whether it is unfair for GoCardless to require S to pay for it for the period over which it operated.

I fear, however, that I'm about to disappoint Mr G still further because after reviewing all the evidence, I've come to the conclusion that on balance he did upgrade the Account to the Plan and it isn't unfair for GoCardless to seek to recover the cost of it. I'll come to my reasons in a bit more detail later. But first I'd like to address Mr G's submission regarding his ADHD and what that means for him.

I thank Mr G for his openness in sharing details of his condition and its effect. And I've thought about whether GoCardless should have done more to help him better understand their processes and the commitments he was entering into. Mr G has told us he received his diagnosis in November 2022.

But Mr G acknowledges he only disclosed his ADHD diagnosis to GoCardless in April 2024 which was long after the upgrade to the Plan had occurred. In the circumstances, I don't think I can reasonably criticise GoCardless for failing to take steps to ensure Mr G properly understood the information being presented to him about the upgrade and the commitments S was being signed up to.

I come now to the details of my decision.

#### *Did Mr G upgrade the Account to the Plan?*

I believe I can safely rule out the possibility that the upgrade may have been processed automatically by GoCardless when Mr G's business structure changed in April 2023. I say that because I've reviewed the email exchanges between Mr G and GoCardless about the change in its structure in April 2023.

The correspondence dealt with the issues that needed to be finalised to enable GoCardless to complete the process of changing entities. Including, the requirement that Mr G confirms the name and type of the existing and new entity. Also, the provision of a letter from a solicitor or accountant confirming the change and evidence that customers had been alerted to that change. There was no mention by GoCardless of any upgrade let alone that this was a necessary requirement of the change in entities.

GoCardless have, however, shared screenshots showing the options Mr G would have been presented with at the time of the upgrade in April 2023. Mr G was required to select one of three options for the upgrade: (1) standard, (2) Plus and (3) Pro.

GoCardless provided a screen shot from their data report showing a user ID that matches Mr G's as an administrator. And it further shows that linked to the ID, a request was made on 3 April 2023 for a Pro package. It was at that point Mr G was sent, and he acknowledges, that he received GoCardless' email thanking him for signing up to the Plan. So, I'm satisfied Mr G selected the upgrade.

But sitting alongside that evidence are the further email exchanges that took place after the upgrade to the Plan.

GoCardless have shared an email that was sent to Mr G at 18:00 on 24 April 2023 which said.

*"We're delighted to confirm that your upgrade to GoCardless Pro is almost complete. All that's required is for you to decide which Pro feature you wish to use to collect details from your customers*

*What are your next steps?*

*Please reply to this email and specify if you want*

- *Custom Payment pages and email notifications*

*And/or*

- *Paper and phone mandates.*

*Once you've told us this, our onboarding team will reply back shortly to help you set up".*

Mr G's email response on 25 April 2023 said:

*"Thanks for the update. Can we get both custom payments pages and paper/phone mandates? We'll primarily be using the former but would like the option of the latter"*

Having read Mr G's response email very carefully, I disagree with his submission that in effect it was merely a query about the features of the Plan, rather than actually selecting features that were being offered by GoCardless. A reasonable reading of Mr G's email suggest otherwise. I'm satisfied he was indicating his preferences based on the options presented to him.

But more to the point, the email shows that Mr G was fully aware of the Plan. Reasonably I'd have expected him to query, which he didn't, the upgrade GoCardless had just confirmed, especially if he'd not opted for it.

I'm aware it's Mr G's case that the cost of the Plan was not explained in GoCardless' email of 3 April 2023. That is true. But since my finding is that Mr G set up the Plan and I've been shown the screen that would have been available to him at the time, I'm satisfied he'd have been aware of the costs as this is shown on the pages he accessed. And those costs were made clear again in August 2023.

On 22 August 2023 S sent an email to GoCardless saying:

*"My organisation has an account with you; I am being asked to verify my account. When I try to add the information, I am being asked to sign up to pro and set up a direct debit for £200. Can you advise?"*

GoCardless responded on 24 August 2023 to say:

*"You have selected a Pro Package which requires setting up a Direct Debit mandate for the monthly package fee"*

That said, GoCardless have acknowledged they also made errors at this point which meant the direct debit wasn't set up and S made no payments. And as I've already noted they overlooked S's request in January 2024 for the Account to be moved to their Standard Plan

and instead on 1 March 2024, the Account migrated to the new Pro Pricing Plan. It's clear therefore, from these examples that GoCardless did deliver poor service to S.

In putting things right, I think GoCardless were right to adjust the Account to remove all the fees that S was charged for being upgraded onto the new Pro Pricing Plan. GoCardless have shared their calculations of refunded amount which was £1,680.

So, what GoCardless is looking to recover, not unfairly in my opinion, is the amount S owes them for the duration the Account was on the Plan – from May 2023 to February 2024 which it has never paid. Bearing in mind my finding is that S did upgrade to the Plan, I'm satisfied GoCardless' request is fair and reasonable.

I did think about whether any part of the amount should be waived bearing in mind GoCardless' acknowledgement the reason the direct debit wasn't set up in August 2023 was also due to an error on their part. But I don't think that would be fair, given that S has had the benefit of the funds it has not paid to GoCardless.

### **My final decision**

Although I anticipate this will come as disappointing news to S, for the reasons given above, my final decision is I do not uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 24 December 2025.

Asher Gordon  
**Ombudsman**