

The complaint

Miss D complains Larstal Limited, trading as Astropay, has blocked and closed her account and withheld money that was returned to her as a chargeback for goods she hadn't received at the time – but subsequently has.

To put things right, Miss D wants Astropay to return the funds to the merchant.

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.

When referring her complaint to this service in December 2023, Miss D explained that Astropay had blocked her account without receiving a refund from a company - that I will now refer to as H - who also didn't send her the goods she had paid for. Miss D has provided an email chain with her and Astropay which shows she was told in December 2023 that her account had been blocked for risk and compliance reasons.

In September 2024, Miss D explained the product she ordered from H was held in customs and so they refunded her into the Astropay account as she'd made the initial payment from there. But then the product arrived and so H asked her to make payment to them. Miss D said she told H to contact Astropay for the payment. Miss D says the funds Astropay are holding of £84 are for goods she did ultimately receive from H.

Despite several requests, our Investigator didn't get any information from Astropay. Because of this, and based on the information they did have, they recommended the complaint was upheld.

Our Investigator said Astropay should pay Miss D £100 for the trouble and upset the blocking of her account without justification has caused and pay the funds of £84 to H. Miss D agreed with what our Investigator said. Our Investigator later said that Miss D should still be paid £100 for the poor service she has received from Astropay, but the funds should only be released to Miss D once it is able to do so. That's because the regulator, the Financial Conduct Authority (FCA), has placed a voluntary restriction on Larstal Limited trading as Astropay. Our Investigator signposted Miss D to this information on the FCA's website. Miss D agreed with what our Investigator said.

As our Investigator didn't receive any response from Astropay, Miss D's complaint was prepared for a decision by an Ombudsman. Astropay responded to our Investigator. In summary, Astropay said:

- On 3 November 2023, Miss D added £84.47 to her Astropay account using an external account. On the same day, she made a payment for this amount to a merchant
- On 4 November 2023, H's payment was refunded to Miss D's Astropay account. And according to her the store didn't have the product so they refunded the amount

- On 8 November 2023, Miss D requested a withdrawal of £84.47 from her Astropay account using bank transfer. But this withdrawal was not completed due to an external timeout and the amount was returned to Miss D's Astropay account on 11 November 2023
- On 9 November 2023, Astropay received a chargeback request regarding the payment of £84.47 which Miss D had made to add funds to her Astropay account on 3 November 2023, and her account was blocked because of it
- A Chargeback means a circumstance whereby the customer claims the products and/or services were not received or requested and therefore demands to be refunded the payment made for that product and/or service. So as the amount stayed in the account since the withdrawal was rejected on 11 November 2023, and a debit was generated in Miss D's Astropay account because of the chargeback request, the amount of £84.47 was used to settle this debit, and the account doesn't have a balance
- Astropay's terms and conditions say it reserves the right to suspend or cancel the users' wallet in the event of any chargeback or fraud that occurs during any loading transaction or any other transaction

Our Investigator inferred that Astropay had paid Miss D £84.47 into her external bank account. So they asked for a bank statement to show whether Miss D had received the funds. Miss D sent in her statements. Our Investigator equally asked Astropay to send an account statement, evidence the funds were returned to H, and any other evidence to support its position. Despite several chasers, Astropay has failed to respond.

The complaint was then passed to me to decide. I sent both parties my provisional decision in which I said I was planning on upholding this complaint. For ease of reference, here is what I said:

Provisional decision

"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, and based on the limited information I have, I am planning on upholding this complaint. I'll explain why.

At the heart of this complaint is whether Astropay refunded the funds to H. Miss D has shown she wasn't refunded the £84.47 from the statements she has provided. My inference of what Astropay have said is that it returned the £84.47 to H. But despite several attempts to get supporting evidence to show this, Astropay has failed to respond. So, I can't conclude that this is what happened. That means Miss D should be refunded the payment. Miss D has shown she is acting in good faith given she does not want the funds returned to her. She has also provided me with a screenshot of an email between her and H which shows she was having issues with receiving the goods in the way she has explained. It's also important to note that Miss D has said she did later get the goods once released from customs and that is why H should be paid.

I note however that in April 2024 the FCA placed a voluntary restriction on Astropay. The FCA's website says:

"With immediate effect, Larstal undertakes to:

1. *Ensure that all relevant funds are appropriately ringfenced in a designated safeguarding account(s).*

2. *Refrain from providing any of the services that it is currently registered to provide under FRN 901001 as an Authorised Electronic Money Institution (as that term is defined under the Electronic Money Regulations 2011 (the “EMRs”)) which includes accepting any new customer funds, providing payment services (as defined in regulation 2(1) of the Payment Services Regulations 2017 (the “PSRs”)), or issuing or redeeming E-Money, without prior written consent from the Authority.*
3. *Refrain from onboarding any new customers (where ‘onboarding’ means entering into a new business relationship with a legal or natural person under which payment services are to be provided and/or electronic money is to be issued to that person, or to any end customer), without prior written consent from the Authority”.*

Because of this, I can only direct Astropay to refund the funds once it is able to due to the restriction applied against it.

Astropay appear to have closed Miss D’s account. Its terms allow it to close an account with immediate effect when certain circumstances prevail. But Astropay has failed to send me evidence to support its decision to close the account in the way it did. However, I won’t be directing Astropay to reopen the account – if closed – given Miss D has other banking provision.

What is apparent from what information I’ve been provided is that Astropay has failed to communicate with Miss D in any effective way. The voluntary restriction by the FCA doesn’t prevent Astropay explaining what has happened to Miss D. After all, if it had explained that funds had been returned to H, and provided evidence of this to her, its likely she would have not needed to complain. In turn this has caused Miss D distress and inconvenience. So, I’m planning on directing Astropay to pay Miss D £150 compensation”.

The deadline for further arguments and evidence for both parties to provide has now passed. Miss D accepted what I had said. Astropay hasn’t responded.

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, and for the reasons in my provisional decision – as above – I have decided to uphold this complaint.

Putting things right

To put things right, Larstal Limited, trading as Astropay, must:

- Pay Miss D £150 compensation
- Refund Miss D £84.47 when the FCA’s restrictions are removed against it

My final decision

For the reasons above, I have decided to uphold this complaint. I now direct Larstal Limited, trading as Astropay, to put things right as directed above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss D to accept or reject my decision before 10 July 2025.

Ketan Nagla

Ombudsman