

The complaint

A company, which I'll refer to as I, complained that Stripe Payments UK Limited ('Stripe') was improperly refusing to release funds belonging to I which were being held in reserve by Stripe.

I's director, Mr L, brought the complaint on I's behalf.

What happened

Mr L complained when Stripe applied a reserve to I's account, effectively withholding I's access to those funds. To resolve the issue, he wanted Stripe to remove the reserves so I could access the funds in the account.

Stripe said that during a routine review, it determined that I's account was too high risk to support and accordingly, implemented a reserve on I's account in line with its business terms. Stripe said it would carry out regular reviews to assess if it could reduce or release the reserve.

Mr L brought I's complaint to us, saying that Stripe's reserve policy was unfair and disproportionate.

After unsuccessfully attempting to mediate between the parties and Mr L rejected Stripe's offer of a £100 goodwill payment, ultimately our investigator didn't recommend upholding the complaint. The investigator thought that Stripe had acted in line with the account terms and conditions. He said he couldn't comment on the question of proportionality as Stripe's operating processes came under the remit of the Financial Conduct Authority ('FCA').

Mr L asked for an ombudsman to review the complaint, saying that:

- The funds belonged to I and Stripe was withholding funds that lawfully and contractually belonged to I when it had a duty to comply with Payment Services Regulations and follow FCA guidance which said funds should be safeguarded and only retained for justifiable, proportionate risk management purposes.
- Whilst Stripe's terms allowed for the use of reserves under certain conditions, the Consumer Rights Act 2015 deemed unfair and unenforceable any term that grants one party unfettered discretion without a clear mechanism for challenge or review. And Stripe was in breach of FCA Principles requiring it to treat customers fairly and provide clear, fair and not misleading communications.
- Stripe was also refusing to allow I to close the account until the reserve period ended which meant I was:
 - locked into a platform it no longer wished to use, and
 - remained exposed to Stripe's changing risk criteria, whilst
 - unable to execute a clean operational exit or switch to an alternative provider, and
 - unable to dissolve or restructure its payment operations.

Mr L said this put I in a state of indefinite operational limbo and was causing serious financial difficulty and operational strain. To resolve matters he wanted all I's money released. The complaint comes 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.

I've carried out an independent review and having done so, I've reached the same conclusion as our investigator.

In order to uphold Mr L's complaint I would have to find that Stripe made an error or acted in a way that wasn't fair and reasonable and this led to I suffering financial loss or some other detriment. So this is the focus of my decision. I may not address everything that's been mentioned by Mr L, and I've summarised what happened only briefly and sometimes in my own words. This doesn't mean I haven't considered the evidence and what's been said here – it just means I haven't needed to specifically refer to everything in order to reach a decision in this case.

I think it's helpful however to explain that it's not for me to legally determine whether or not Stripe has acted unlawfully in the same way that a court or tribunal would – that's outside the scope of our service and beyond my role as an ombudsman. I can however consider the way I was treated by Stripe. Mr L was entitled to expect that Stripe would act towards I in a fair and reasonable way. So this is the focus of my decision.

The account terms and conditions, which Mr L would've had to agree to when opening the account, allow Stripe to hold reserves. This seems to be accepted by Mr L, so I don't need to say more about this. But this doesn't mean that Stripe was unilaterally able to apply a reserve to I's funds without reasonable justification and without taking reasonable steps to explain how and when the situation might be resolved.

I've taken into account that Stripe must satisfy regulatory and legal requirements and have processes in place to keep customers' accounts safe and prevent fraudulent transactions. How businesses choose to operate and their internal processes come under the oversight of the regulator - the Financial Conduct Authority (FCA). So it's not up to me to tell Stripe how it should have decided what amount to hold back in reserve. But I've thought carefully about whether Stripe acted fairly and reasonably here.

Stripe conducted a review of I's account, as it was required to do, and concluded it no longer wished to be exposed to the level of risk it considered I's account presented. Stripe has provided confidential information to me about why it decided to take action that triggered the reserve being applied to the account and I am satisfied that it acted fairly and reasonably when it exercised its right to hold reserves. Stripe told I that it would be reviewing the position in mid-July and on 16 July 2025, after carrying out a review, it removed the reserves on the account and the funds were released to I on 18 July 2025. As I understand things, getting I's money released was Mr L's main concern so I hope this brings this matter to a satisfactory conclusion from I's point of view.

To sum up, Stripe was entitled to conclude the activity on I's account represented a higher risk than it wanted to be exposed to and I am satisfied it was fair and reasonable for I to apply its policy to hold funds in reserve. Stripe carried out regular reviews and released I's money promptly once it was satisfied it was safely able to do so. I'm sorry that Mr L found this such a frustrating experience. But for the reasons I have set out above, I'm not

upholding this complaint because I haven't found that Stripe acted unfairly or unreasonably towards I here.

My final decision

For the reasons I have set out above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask I to accept or reject my decision before 29 August 2025.

Susan Webb
Ombudsman