

## The complaint

Ms L is a sole trader. She complains that Stripe Payments UK Limited (Stripe) unfairly closed her business account, delayed releasing funds belonging to her business and gave refunds to her customers without her knowledge

## What happened

The background to the complaint is set out in my provisional decision dated 22 May 2025 which forms part of this decision.

I provisionally concluded that Ms L's complaint should be upheld, and that Stripe should pay the compensation I was minded to recommend.

In summary I said:

*There are three main elements to Ms L's complaint: firstly, the closure of the Account, secondly Stripe's delay in paying over all the money she was owed and thirdly the alleged refund Stripe made to customers without her approval. I'll deal with each in that order.*

### closure of the Account

*My starting point is to look at the Agreement. The following two provisions are relevant in this connection:*

#### **1.1 Eligibility.**

*"Only businesses (including sole proprietors) and non-profit organisations located in the United Kingdom are eligible to apply for a Stripe Account and use the Services."*

#### **6.2 Suspension.**

*"Stripe may immediately suspend providing any or all Services to you, and your access to the Stripe Technology, if:*

*(e) you breach this Agreement or any other agreement between the parties;*

*(h) Stripe believes that you are engaged in a business, trading practice or other activity that presents an unacceptable risk to Stripe; or*

*(i) Stripe believes that your use of the Services (i) is or may be harmful to Stripe or any third party; (ii) presents an unacceptable level of credit risk; (iii) increases, or may increase, the rate of fraud that Stripe observes".*

*Since 2019, Ms L has operated her business and the Account in separate jurisdictions. Clause 1.1 above makes clear this is not allowed even though I don't doubt Ms L submission that she was unaware she was precluded from doing so. I also accept her point that Stripe*

*should have been aware of this since they were in possession of her business details from the outset.*

*That being said, considering clause 1.1 of the Agreement, I don't think I can fairly say that on becoming aware of the position, Stripe should be precluded from taking any action. So, I don't intend to conclude that in the circumstances of this case, it was unfair or unreasonable for Stripe to close the Account.*

*Furthermore, Stripe submitted that Ms L's operation opened it up to a higher than acceptable risk. And their email to Ms L dated 27 October 2023 pointed to some of the risks. Stripe also provided us with further details of the risk they faced which I don't think it would be right for me to share. Overall, I'm satisfied their concern was genuine. I'm minded to conclude therefore, that along with the reasons I gave in the preceding paragraph, Stripe did not act unfairly when they closed the Account.*

*But whilst I'm satisfied Stripe were entitled to close the Account which they did on 7 November 2023, Stripe did not give notice of their intention. They've said this was because of the risk which they've highlighted. But I've not seen any evidence so far that the risk was immediate. The Account had been operating since 2019. And it's not clear to me in the immediate period before the closure, there was any greater or heightened risk associated with the operation.*

*So, unless Stripe is able to persuade me that in the circumstances of this case, the risks were serious and immediate such that they were allowed to close the Account without notice, I intend to conclude that by failing to give notice of at least a month, Stripe acted unfairly towards Ms L and caused her inconvenience. To be clear, my proposed finding is not that the closure was unfair. Rather it was the failure to give appropriate notice. I'll come later to the amount of compensation I regard as fair.*

#### *withholding of funds from Ms L*

*The following clauses are relevant:*

### **5. Actions Stripe May Take in Processing Transactions.**

#### **5.6 Stripe Remedies – Scope.**

*“Stripe may, in accordance with Sections 5.4 ...of these Stripe Payments Terms:*

*(b) change the Payout Schedule or delay or cancel the payout of funds to the User Bank Accounts;*

*The Payout Schedule may be changed for a number of reasons, including but not limited to, when an account has incurred or is likely to incur excessive disputes, when an account has breached or is likely to breach the [Agreement], or when an account has acted in a manner or engaged in business, trading practice or other activity that presents an unacceptable risk”.*

#### **5.4 Stripe Remedies – Specific Triggers.**

*“Stripe may exercise any or all of the remedies stated in Section 5.6 of these Stripe Payments Terms if Stripe determines that a User Entity:*

*(a) has incurred or is likely to incur excessive Disputes, Refunds or Reversals;*

*(g) has breached or is likely to breach, or has caused or is likely to cause Stripe to breach, this Agreement (or any other Stripe services agreement with a Stripe Entity) or the Financial Services Terms applicable to the User Entity's use of the Services;*

*(m) has acted in a manner or engaged in business, trading practice or other activity that presents an unacceptable risk."*

*As Ms L submitted, Stripe paid out £7,500 from the Account on 6 November 2023. Thereafter, she had no further access to her funds until April 2024.*

*Considering the above Clause 5 provisions in the Agreement, I don't think it was unreasonable for Stripe to pause repayment of funds to Ms L . Their letter to Ms L dated 27 October 2023 had already explained that they'd identified payments on the Account that didn't appear to have been authorized by the customer. That suggests there was a risk of disputes arising, the circumstances that clause 5.4 (a) is intended to address. But I think the delay should have been limited to 120 days from the last payout on 6 November 2023. That's because, not unreasonably this would have been the appropriate number of days to guard against the possibility of payment disputes being raised by Ms L's customers.*

*But Stripe held on to Ms L's funds beyond the 120 days after the initial payout on 6 November 2023 since releases didn't happen until 16 and 19 April 2024. In this respect I disagree with the investigator because I think the delay was more than a mere five days.*

*Stripe have acknowledged there was delay. And like the investigator I intend recommending that stripe pays 8% interest on the relevant withheld balance beyond the 120 days from 6 November 2023 to the date the refunds occurred.*

*alleged refunds by Stripe to Ms L's customers.*

*I start by acknowledging Ms L's strength of feeling on this issue. And I acknowledge her frustration that the refunds seem rather puzzling from her perspective.*

*Stripe have provided the following schedule detailing the refunds and who initiated them. User in this case being Ms L*

<i>Charge Date</i>	<i>Refund Date</i>	<i>Card</i>	<i>Currency</i>	<i>Amount Charge</i>	<i>Amount Refunded</i>	<i>Type</i>	<i>Request Type</i>
<i>22/12/22*</i>	<i>2/1/23</i>	<i>Mastercard</i>	<i>EUR</i>	<i>630</i>	<i>630</i>	<i>Full</i>	<i>User</i>
<i>26/11/22*</i>	<i>26/11/22</i>	<i>Visa</i>	<i>GBP</i>	<i>528</i>	<i>528</i>	<i>Full</i>	<i>User</i>
<i>16/11/22</i>	<i>16/11/22</i>	<i>Visa</i>	<i>GBP</i>	<i>794</i>	<i>794</i>	<i>Full</i>	<i>User</i>
<i>12/11/22</i>	<i>12/11/22</i>	<i>Visa</i>	<i>EUR</i>	<i>1,330</i>	<i>7.5</i>	<i>Partial</i>	<i>User</i>
<i>12/11/22</i>	<i>12/11/22</i>	<i>Mastercard</i>	<i>EUR</i>	<i>685</i>	<i>7.5</i>	<i>Partial</i>	<i>User</i>
<i>16/9/22*</i>	<i>26/9/22</i>	<i>Visa</i>	<i>EUR</i>	<i>990</i>	<i>990</i>	<i>Full</i>	<i>User</i>
<i>16/3/20</i>	<i>4/5/20</i>	<i>Mastercard</i>	<i>EUR</i>	<i>175</i>	<i>87.50</i>	<i>Partial</i>	<i>User</i>
<i>16/3/20</i>	<i>16/3/20</i>	<i>Visa</i>	<i>EUR</i>	<i>950</i>	<i>475</i>	<i>Partial</i>	<i>User</i>
<i>13/3/20</i>	<i>26/4/20</i>	<i>Visa</i>	<i>EUR</i>	<i>450</i>	<i>225</i>	<i>Partial</i>	<i>User</i>

*Ms L recalls only granting some of the refunds. And I've marked those with an Asterix. The ones she doesn't recall were the three refunds in 2020, two partial refunds of €7.5 on 12 November 2022 and £794 on 16 November 2022.*

*But for me to require Stripe to compensate Ms L for the refunds she does not recognise – and I've not made up my mind at this point - I'd need to find it was Stripe who made them and as such made an error or acted unreasonably when they did so. But I don't think I have the required evidence to reasonably make that finding.*

*Ms L has said it's at least possible her former booking agents bear some responsibility. However, she's also submitted that she should not be the one to demonstrate that Stripe and/or the booking agents were to blame.*

*The schedule shows that there were two partial refunds for relatively small amounts in 2022 that Ms L has no recollection of. And another three go back five years. Memories can and do fail after lengthy periods. Whilst I'm not suggesting that's the position here, I don't think I can rule it out as a possibility.*

*Whilst I appreciate that our service is inquisitorial, nevertheless I don't think it's reasonable for us to contact Ms L's former booking agents to determine whether they know anything about the refunds. I assume Ms L still has their details and is able to do so.*

### Compensation

*Considering I intend to conclude Stripe acted unfairly when they closed the Account and delayed returning the funds that were owed to Ms L, I turned finally to consider the question of compensation.*

*Our investigator recommended £150 for the inconvenience caused to Ms L arising from these events as well as interest at 8% for the period she believed Ms L was unreasonably denied access to her funds. But I don't think her recommendation has gone far enough.*

*I'm satisfied Stripe were entitled to pause payouts from the Account and 120 days is not unreasonable for reasons I've already explained. But since Stripe held on to Ms L's funds for longer I intend recommending that Stripe pay Ms L the compensation I've set out below.*

*My provisional decision is I intend to uphold this complaint. And in full and final settlement of it propose recommending that Stripe Payments UK Limited pay Ms L:*

- interest at 8% on the amounts in the Account beyond 120 days they were reasonably entitled to hold onto such funds starting from the last payout on 6 November 2023.*
- an additional £100 for the inconvenience caused to Ms L during that period.*

### **What happened since my provisional decision**

In my provisional decision I asked Ms L and Stripe to send me any additional points or information they wanted me to take into account before I issued my final decision.

Stripe accepted my provisional decision. But Ms L wrote with further detailed submissions. But mainly, those submissions expanded the arguments she had originally made about the circumstances in which she entered into her agreement with Stripe. In summary, she said:

- Stripe did not make clear that they didn't support businesses operating in the region she does. And she innocently signed up with them. Furthermore, when she did so she was transparent about her location, business address, telephone number, and email address. Stripe didn't block the application.

- In the five years the Account operated she happily worked with the Stripe platform, and they failed to let her know there was a problem with the location of her business.
- She doesn't think the location of her business is at the heart of the matter. Especially because, in the provisional decision, reference is made that Stripe provided the ombudsman with details of the risk Stripe said they faced concerning her business which could not be shared. So, there is no way of knowing whether the information Stripe shared is correct. Stripe haven't shared this information with her and should do so. They have only told her that her business represents a higher level of risk than they can currently support.
- As regards some of the refunds that were made, Stripe must have made the ones she does not recognise because she is the only person with access to the Stripe account. Besides in an email dated 13 November 2023, Stripe told her that if any card payments are impacted, they will give reimbursements. This implies that Stripe does give refunds.
- Stripe should pay her compensation for financial loss and accrued interest for withholding her money without clear reasons, from the date they froze the Account until the date they finally released the remaining funds.

### **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 start by saying I can see how strongly Ms L feels about this complaint and I thank her for her submissions.

I don't doubt Ms L's testimony that she did not know the location of her business in North Africa meant she was not allowed to enter into the agreement with Stripe. And neither do I doubt that she made all the information about her business available to Stripe in 2019 for them reasonably to have been aware of the location. So, I can understand her frustration at learning some four years later that the agreement shouldn't have ever been put in place.

But regardless of how long Ms L had been allowed to trade using the Account without Stripe taking any action, the determining issue for me is whether on becoming aware of the position, that the agreement with Ms L should never have been entered into in the first place, Stripe acted unfairly when they took the decision to end their relationship with Ms L.

I said in my provisional decision that I didn't believe they did. In my opinion it wasn't unreasonable for Stripe, subject to giving appropriate notice to put right what had been an error on their part.

Ms L has explained that she doesn't think the location of her business is at the heart of Stripe's decision to close the Account. Rather she believes Stripe regarded the business as risky. Especially bearing in mind what they said in their e-mails of 27 October and 1 November 2023.

On 27 October 2023 Stripe said:

"We recently identified payments on your Stripe account that don't appear to have been authorized by the customer, meaning that the owner of the card or bank account didn't consent to these payments. As a precautionary measure, we will no longer accept payments."

And on 1 November 2023, Stripe wrote again saying:

"After reviewing your account again, we've confirmed that your business represents a higher risk than we can currently support. We are unable to accept payments for [Ms L's business] moving forward."

But it is not uncommon for the geographical location of a business to partly determine its risk profile. And in all likelihood, that's what was behind clause 1.1 of the 2019 agreement between Ms L and Stripe.

I agree Stripe did regard Ms L's business as presenting a higher than acceptable risk. That said, I also agree with Ms L that this also would have informed their decision to close the Account.

But as regards Ms L's submission that Stripe should provide fuller details of the risks they referred to, frustrating though that may be, I'm afraid I don't agree. Stripe and Ms L are able to end their agreement without providing a reason for doing so. Stripe doesn't have to tell Ms L why they chose to close the Account let alone the nature of the risk they believed its operation posed for them.

Stripe did tell us their reasons and under our rules we can treat certain evidence provided to us in confidence – especially where there are concerns about security or commercially sensitive matters. I'm satisfied there are such issues at play in this case and therefore, I am also satisfied it's appropriate to treat Stripe's reasons as confidential.

That being said, I think Stripe made an error when they omitted to give notice to Ms L of their intention to close the Account. As I said in my provisional decision, I'm satisfied this caused inconvenience and Ms L is entitled to compensation. Before I come to that, I'll deal finally with the issue of the refunds that were made from the Account.

### The refunds

I'm aware the refunds are problematic for Ms L. She described them as puzzling. Initially Ms L told us that she was responsible for one refund only. This was for EUR 990 and took place on 26 September 2022. Stripe's records did show that this refund was initiated by Ms L. And so, their records supported her recollection of things.

It was for that reason we decided to share with Ms L Stripe's internal records showing the list of all the refunds that were made and by whom. Helpfully, Ms L was able to recall that there were still more refunds that she'd made but had forgotten about. These were:

1. EUR 630 on 22 December 2022
2. EUR 345 on 4 September 2019

Here too, the refunds appear in Stripe's records as being initiated by Ms L.

I know it is Ms L's testimony that she is the only person with access to Stripe's dashboard and in respect of the refunds she does not recognise, Stripe must therefore have made them.

But with Stripe's records showing all the refunds were made by Ms L, including ones she'd initially forgotten about, for me to require Stripe to reimburse the refunds Ms L does not recognise, I'd need to find Stripe did make them, contrary to their records. And furthermore,

that they did so in circumstances they shouldn't have done or otherwise did something wrong which caused that to happen.

But even though I anticipate this will come as disappointing news to Ms L, the evidence does not allow me to safely reach that conclusion.

### **Putting things right**

To resolve this complaint, Stripe should pay interest on the balance in the Account at a rate of 8% per year simple, calculated as set out below. In addition, Stripe should also pay Ms L £100 for the inconvenience they caused.

### **My final decision**

My final decision is that I uphold this complaint and direct Stripe Payments UK Limited to settle it as follows:

- Beginning on 6 November, calculate the 120 days that Stripe Payments UK Limited were reasonably entitled to hold onto the funds in the Account.
- Pay interest at 8% on the balance in the Account beyond the 120th day until the date of payment.
- Pay Ms L £100 for distress and inconvenience

Under the rules of the Financial Ombudsman Service, I'm required to ask L to accept or reject my decision before 21 July 2025.

Asher Gordon  
**Ombudsman**