

The complaint

P, a limited company complains Epayments Systems Ltd (“Epayments”) should compensate them for being unfairly deprived of their funds.

P’s complaint has been brought to our service by its Director, Mr M.

What happened

On 11 February 2020 the regulator, The Financial Conduct Authority (FCA) placed limitations on Epayments. As a result, Epayments were not able to process any transactions until the limitations were lifted. So, because of this P couldn’t access their funds.

The original restrictions were later lifted on 23 February 2022 and Epayments began the process of reviewing its customers’ accounts and refunding them. P was contacted by Epayments to provide it with information relating to source of funds, director identity and other related documents. This related to it fulfilling its KYC (“Know Your Customer”) obligations.

It’s required by regulations to ensure the information it holds about customer accounts is accurate and up to date before processing a refund Epayments apologised for any inconvenience the process was causing P but explained it needed to do this to meet its obligations. Epayments set out what it needed from Mr M and in what format.

In January 2023 P received communication from Epayments to start the process of releasing its money. This process was completed in July 2024 and on 23 April 2025 Epayments initiated a refund of P’s funds. P hasn’t received this money yet. Epayments says that this is due to P having provided a Belarussian bank account to receive the payment. They said payments to Belarus are made in batches and their banking partner is taking longer than expected to process these.

Unhappy with Epayments response, P referred their complaint to this service. One of our Investigator’s then looked into it, and in summary they said:

- If it wasn’t for the weaknesses of Epayments’ financial crime controls, P’s account wouldn’t have been restricted. Because of this Epayments are responsible for the impact on P and for them being deprived of their funds.
- Epayments should pay P 8% simple interest on their funds from 11 February 2020 until the funds are released.
- Epayments should also pay P £150 for the inconvenience it caused them.
- If any currency conversion fees, or other fees/commissions are charged by Epayments, or their banking partner, during the refund process, these should also be refunded.

P agreed with what our Investigator said. However, Epayments didn’t agree.

As there is no agreement, this complaint has now been passed 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.

Having done so, I've decided to uphold this complaint. I'll explain why.

As a regulated business, Epayments has certain obligations which it must comply with. Epayments is subject to regulation by the FCA. The FCA applied restrictions on Epayments for reasons widely publicised and detailed on its company website. As a result, Epayments suspended its operations. This has significantly impacted P, given they had no access to their funds since February 2020.

Whilst the FCA requested Epayments to suspend its activities there was nothing it could have done in relation to returning P's funds during this period. Epayments say it shouldn't be held fully liable for any detriment to P whilst the FCA's limitations were imposed. After carefully considering this, I'm not persuaded it's fair or reasonable in the circumstances of this complaint to find Epayments didn't do anything wrong. I say that because Epayments had to suspend its operations due to failures on its part.

So, I think Epayments should put things right by addressing the fact P have been deprived of their funds through no fault of their own. Because of this I think Epayments should pay P 8% simple interest for the period they've been unfairly deprived of their funds.

I note Epayments doesn't agree with any such compensation being added in this way. Awarding 8% simple interest when a consumer has wrongly been deprived of their funds is in line with the approach at this service. I haven't seen compelling enough reasons as to why P shouldn't be awarded compensation in this way, so I'm satisfied this is fair redress.

Epayments has sent me its internal notes to show why it took some time for it, and its banking partners, to meet KYC obligations before being able to return P's funds.

As a regulated business, Epayments must comply with extensive legal and regulatory obligations. These generally cover the entire period of its customer relationship – from application to eventually the end of the relationship. This includes Know Your Customer (KYC) checks and/or Customer Due Diligence (CDD). It's worth noting these checks include not just the verification of a customer's identity but also establishing the purpose and intended nature of the business relationship and origin of funds.

This means I don't think Epayments have caused any avoidable delays with its KYC review. Having read what P says and given how long they've been trying to recover their funds and having them blocked in this way through no fault of their own for most of the time, I'm persuaded they've been caused some inconvenience. Because of this, I'm satisfied £150 is fair compensation.

If Epayments, or its partners, have charged P any conversion or commission fees when releasing the funds, these should be refunded as I don't think it's fair or reasonable for them to be applied.

I'm aware Epayments is going through a winding down process. To be clear, it's not my intention to interfere with Epayments winding down of its business – that's not the role of our

service. My role here is ultimately to decide a fair way to resolve individual complaints between businesses and their customers, based on the individual facts of the complaint.

Putting things right

To put things right, Epayments Systems Ltd must:

- Complete the refund process for the money in P's account, which amounts to 50,867.92 EUR, as soon as possible, in liaison with their banking partner.
- Pay P 8% simple interest on the money in their account, calculated from 11 February 2020 until the date the funds are released*
- Pay P £150 compensation for the inconvenience they've been caused.
- Not apply any fees or charges for releasing funds to P – as detailed above. If it or its banking partner has applied such charges, they should be refunded. This amount is 253.07 EUR.

*If Epayments Systems Ltd considers that it's required by HM Revenue & Customs to deduct tax from that interest, it should tell P how much it's taken off. It should also give P a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons above, I uphold this complaint. Epayments Systems Ltd must now put things right as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask P to accept or reject my decision before 18 March 2026.

Sharon Kerrison
Ombudsman