

The complaint

A company I'll refer to as V complain Teya Solutions Ltd closed their merchant services account without explanation. They'd like an explanation and to be compensated.

What happened

V held an account with Teya to allow them to accept card payments from their customers. But in December 2024 Teya placed a restriction on V's account and requested further information on several transactions.

After V submitted the information, Teya took the decision to close the account immediately. They also said they would be holding onto funds for 180 days.

Unhappy with this, V raised a complaint. Teya responded to say they had closed the account in line with the terms – and this decision was made based on reasonable suspicion of illegitimate transactions. They didn't offer to do anything further.

The funds held were later released, but V remained unhappy and referred their complaint to our service. One of our investigators looked into what happened. She thought Teya had a right to close the account and hold onto the funds for period to cover any potential chargebacks. But she wasn't persuaded it was reasonable for the account to be closed immediately. She thought some notice should have been given, and suggested Teya pay £150 compensation.

This was accepted by V. But Teya disagreed, saying they had acted on their concerns and felt they had demonstrated these sufficiently. This didn't change the investigator's mind, so the 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.

Teya have a broad commercial discretion on who they provide accounts to, and on what terms. Generally, it would be up to them to decided who they wished to have as a customer. So, if they've decided to close an account our service typically wouldn't interfere with this decision without very good reason to do so. Instead we'd look to see that the closure was carried out fairly and in line with the terms of the account.

There's no obligation on Teya to explain to V in detail why their account has been closed – and in this case they've only mentioned the concerns about illegitimate transactions. The rules of our service allow us to treat certain evidence as confidential, for example if it contains information about third parties, or security procedures. Here, I'm satisfied it's appropriate that Teya's reasoning remains confidential, so I won't be detailing it in full here.

Teya's terms around closure don't mention a specific notice period they give, but for payment accounts it was generally around 60 days at the time. And there are provisions in

the terms for closing an account immediately. But I would see that the wider industry practice is to provide notice of an intention to close an account, unless there is some immediate risk that needs to be mitigated. This is also inline with the relevant regulations on payment accounts. Withdrawing services without any notice is a significant step to take, considering the level of disruption it can cause.

Here, I'm satisfied Teya were within their rights to close V's account. But I'm not satisfied that they've demonstrated there was an immediate risk, or that the criteria in the terms for immediate closure, were met. Prior to the transactions at the start of December 2024, the last successful transactions had been in October. I also note most transactions were attempted with the "pay by link" feature, where V's customer is not physically present with them. While I understand Teya had concerns around the transactions on the account, in these circumstances it would have been reasonable to provide some notice to V, so they could make other arrangements to accept payments. I'm not persuaded that Teya have treated V fairly.

That said, the account was only used irregularly. So, I'm satisfied this wouldn't have caused significant ongoing disruption. But I see it's right that Teya some compensation to reflect the disruption caused. Having considered this carefully, I see that £150 is reasonable.

Teya's terms allow them to withhold funds paid into an account for a period – this is to mitigate the risk of any chargebacks and is reasonably standard across merchant services accounts. I'm satisfied that this was reasonable, although I also note no chargebacks seem to have been received. The funds have now been released to V.

My final decision

My final decision is Teya Solutions Ltd must pay V £150, for the reasons given above.

Under the rules of the Financial Ombudsman Service, I'm required to ask V to accept or reject my decision before 12 February 2026.

Thom Bennett
Ombudsman