

The complaint

Mrs C complains that Epayments Systems Ltd withheld her funds and caused delays in returning them to her.

What happened

The facts which led to Mrs C bringing her complaint to our service are well known to both parties, so I won't be repeating them in full here.

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.

The original restrictions were later lifted and Epayments began the process of reviewing its customers' accounts and refunding them. In October 2022, Epayments had to pause temporarily on its refunding of customer payments. But it later re-started this process and says it contacted Mrs C in April 2023 to provide Epayments with information relating to fulfilling its KYC ("Know Your Customer") obligations.

Epayments says it received the information it needed from Mrs C in September 2024 and she requested to withdraw the funds from her account on 19 December 2024. Mrs C hadn't received her funds by May 2025, so she complained to Epayments.

Epayments issued a final response in May 2025 and in short, it explained that Mrs C hadn't requested to withdraw all of her funds in December 2024, so the transaction was returned and Epayments made a subsequent payment on 3 February 2025, but the speed of payment processing times were dependent on its banking partner.

Mrs C referred her complaint to our service and Epayments offered her 1% of her account balance and £150 compensation in recognition of the distress and inconvenience caused by the delay in returning her funds. Mrs C didn't accept the offer from Epayments and says eventually the funds were returned to her on 9 July 2025.

One of our Investigators looked into things and upheld the complaint. In summary, they said:

- Mrs C was only complaining about the delays in receiving her funds from 19 December 2024 onwards
- Epayments said the withdrawal of Mrs C's funds couldn't be completed in December 2024, because Mrs C had only requested her euros balance at the time but not the small roubles balance that she also held with Epayments
- Mrs C said the only option given to her on Epayments' system was to withdraw her full balance, so she didn't know why all of her funds hadn't been returned to her
- Epayments should refund Mrs C 8% interest on her funds from 19 December 2024 to 9 July 2025, due to her being deprived use of them and pay £100 compensation for the distress and inconvenience caused

Mrs C accepted our Investigator's findings. Epayments didn't respond, so the matter has 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 also detailed on its company website. As a result, Epayments suspended its operations.

Once Epayments agreed to suspend its operations to carry out the work required of it by the FCA, it wasn't able to return Mrs C's funds. However, I understand these have now been lifted.

Epayments is strictly regulated and must take certain actions in order to meet its legal and regulatory obligations. It's also required to carry out ongoing monitoring of new and existing relationships. Epayments have explained that it needed to carry out due diligence checks before releasing Mrs C's funds – which were completed by the time Mrs C requested to withdraw her funds in December 2024.

I note Epayments says that Mrs C didn't request all her funds to be withdrawn, which contributed to the delay in processing the refund. But I haven't seen any evidence to suggest Mrs C had an option to withdraw less than her full balance. And I consider it took Epayments a significant amount of time following this, to initiate the subsequent refund payment to Mrs C.

Mrs C has confirmed that she's unhappy with the time it's taken Epayments to return her funds, since she requested them in December 2024. Epayments says that the delay in Mrs C's refund being processed was because its banking provider was slow in processing the refund. Because of this I think Epayments should pay Mrs C 8% simple interest for the period she's been unfairly deprived of her funds.

I recognise Epayments may disagree with compensation being applied in this manner. However, granting 8% simple interest where a consumer has been wrongly deprived of their funds is consistent with this service's usual approach. I haven't seen any compelling reasons to justify why Mrs C shouldn't be awarded compensation in this way, so I'm satisfied the award of 8% interest is to reflect the cost of Mrs C being deprived of her funds, and I see it as reasonable in the circumstances of the complaint to apply it here.

The delay in returning the funds to Mrs C has caused her worry and inconvenience. Having carefully considered this, I'm satisfied £100 is fair compensation for the trouble and upset Epayments' actions caused to her.

If Epayments, or its partners, have charged Mrs C 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.

Lastly, it's not my intention to interfere with Epayments' winding down of their business – and that's not the role of our service. My role here is ultimately to decide what is the fair way to resolve individual complaints between businesses and their customers, based on the individual facts of the complaint. Based on the facts of Mrs C's case, I'm satisfied that it is fair for Epayments to redress her as detailed above.

Putting things right

To put things right, Epayments Systems Ltd must:

- Pay Mrs C 8% simple interest on the money in her account, from 19 December 2024 to 9 July 2025*

- Pay Mrs C £100 compensation for the distress and inconvenience she's been caused
- Not apply any fees or charges for releasing funds to Mrs C – as detailed above. If it or its banking partner has applied such charges, they should be refunded

*If Epayments considers that it's required by HM Revenue & Customs to deduct tax from that interest, it should tell Mrs C how much it's taken off. It should also give Mrs C a tax deduction certificate if she asks for one, so she 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 Mrs C to accept or reject my decision before 1 April 2026.

Khadijah Nakhuda
Ombudsman