

The complaint

X complains Epayments Systems Ltd (“Epayments”) restricted his account and withheld the funds held in it.

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 X couldn’t access his funds.

Since then, these restrictions have been lifted and Epayments began the process of reviewing accounts and refunding some customers.

In September 2022 Epayments announced they were closing their business. The business hasn’t closed yet, as Epayments is staying open to refund account holders. As part of this process, Epayments is reviewing accounts in line with their legal and regulatory obligations before processing payments. On 11 November 2022 Epayments temporarily suspended processing some payments. This was done to allow checks to be carried out to ensure any refunds paid were consistent with Epayments’ legal requirements. Epayments are now able to process refunds again, and X was refunded on 25 June 2025.

X has told us that his complaint only relates to the period from 9 November 2023 onwards, as this is when he first requested to withdraw the funds in his account. At the time the balance of X’s account was €1,151.79.

X referred his complaint to this service. He told us that being without his funds for such a long time had caused him significant problems. In summary he said:

- He’s missed home loan repayments, and the lender is taking legal action against him due to the arrears on the account.
- He has been charged late fees and additional interest on his credit card as he wasn’t able to make payments on time.

To put things right X said he wants €5,000 compensation for the emotional distress he suffered.

One of our Investigator’s looked into X’s complaint and asked X to provide more information about the impact of being without his funds had on him. After reviewing everything, in summary, they said:

- Epayments are responsible for X not having access to his funds. That’s because its accounts were restricted due to weaknesses in its financial crime controls that were identified by the FCA
- As X was deprived of his funds, Epayments should compensate him by paying 8% simple interest on them from calculated from 9 November 2023 to 25 June 2025.

- Epayments should pay X £150 compensation for the inconvenience it caused.
- Epayments, and its partners, may have charged currency conversion fees and commissions when refunding any balances. It's not fair for X to pay any fees or charges for accessing his funds so Epayments should refund such fees and charges if imposed against X.
- The investigator asked X to provide evidence to support the additional impacts. X sent credit card statements, which show he was charged fees on 18 and 30 June 2025. But he didn't provide his statements for his current account for the full period. So, the investigator was unable to see if X had any funds available to him to meet his credit card payments.
- X also didn't provide evidence of ongoing court proceedings relating to his home being repossessed.
- X told the investigator that when he received the account refund payment from Epayments, he used it for emergency purposes. Given this, the investigator couldn't say he would've been able to use it to make payments towards his credit card and loan if he'd received it sooner and not incurred any arrears. Had he done so, then he would've been left without funds for the emergency in June 2025. And it follows that he would have incurred arrears (and associated costs such as late payment fees) when the emergency he experienced in June 2025 necessitated payment from him.
- The amount of the arrears on X's home loan is approximately 2,000,000 Bangladeshi Taka – a little over €14,000 at current exchange rates. When Epayments refunded his account, he received €1,151.79. So, X would have still had significant arrears on his home loan even if he'd used the funds in his Epayments account, in full, towards the loan. So, the investigator couldn't see that he would've avoided any court action by the lender if he'd had access to the funds in his Epayments account sooner.

X disagreed with what our Investigator said. Some of the key points he made were:

- The bank is now preparing to auction his home and file a new loan recovery case.
- These issues are a direct result of the long delay in receiving his funds from Epayments. Because he was deprived of access to his money for such a long time, he fell behind on his home loan and credit card payments.
- The situation has also caused him severe emotional and mental distress. The stress of facing loan arrears, legal action, and the fear of losing his home has deeply affected his wellbeing.
- At the time his account was frozen, he was an active and legitimate user, conducting regular transactions. The sudden and prolonged restriction of his account removed his ability to manage his finances, meet minimum payment obligations, and respond to emerging financial pressures.
- This directly led to accumulation of credit card interest and penalty charges, deterioration of his overall financial position, escalation of action by his home loan provider, severe and prolonged emotional distress.
- While the amount held in his Epayments account may appear modest when compared to his total loan balance, the loss of liquidity and timing of access to funds was critical. Even limited access to his own money would have materially reduced penalty charges, helped him maintain minimum payments, and slowed the rapid deterioration of his situation.
- The situation caused him considerable stress and anxiety, including sleepless nights and mental strain. He had to borrow money from family and friends to meet basic

needs, which also strained his relationships.

As X didn't agree, 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.

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. This impacted X, given he had no access to his funds from February 2020. Whilst the FCA requested Epayments to suspend its activities there was nothing it could have done in relation to returning X's funds during this period.

Epayments say it shouldn't be held liable for any detriment to X 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 X has been deprived of his funds through no fault of his own.

I'm also satisfied £150 compensation is fair award for the distress and inconvenience this matter has caused X as recommended by the investigator. In reaching this award, I've considered what X says he's had to do to in getting the matter resolved, and the stress and worry it has caused him. But having looked at the information X has provided about his home loan and credit cards I am not persuaded to increase the amount of compensation. I say this because X hasn't provided us with evidence of court proceedings regarding his home loan or his other account statements that might have shown X had no other means to meet his financial commitments. So, it wouldn't be fair to award compensation for something where there is a lack of evidence.

I've also kept in mind that X told the investigator that when he received the account refund payment from Epayments, he used it for emergency purposes. Given this, I can't say X would've been able to use it to make payments towards his credit card and loan if he'd received it sooner and not incurred any arrears. Had he done so, then he would've been left without funds for the emergency. And it follows that he would most likely have incurred arrears (and associated costs such as late payment fees) when the emergency he experienced in June 2025 necessitated payment from him.

The amount of the arrears on X's home loan is approximately a little over €14,000 at current exchange rates. When Epayments refunded his account, he received €1,151.79. So, X would have still had significant arrears on his home loan even if he'd used the funds in his Epayments account, in full, towards the loan, given the amount of arrears I think it is unlikely this would have resulted in X avoiding legal proceedings which he says he is now facing. So, I'm not awarding X additional compensation for the specific impacts he said he experienced due to Epayments not refunding him sooner.

In cases like this, where someone has been unfairly deprived of access to their money, our general approach is that the financial business (in this case Epayments) should pay 8% simple interest to compensate them for the financial impact of being deprived of funds. This is calculated from 9 November 2023 (as X says his complaint refers to the period from this date onwards) to 25 June 2025 (the date the refund payment is made).

Awarding 8% simple interest when a regulated businesses' customer has wrongly been deprived of their funds is in line with the approach at this service. I haven't seen compelling enough reasons why X shouldn't be awarded compensation in this way, so I'm satisfied this is fair redress.

When Epayments released all the funds to X, I don't think it's fair or reasonable for it, or its banking partners, to charge him any conversion or commission fees. So, these should not be applied – and they should be refunded if already applied on the refund it made in June 2025.

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 what a fair way to resolve individual complaints between businesses and their customers, based on the individual facts of the complaint.

Putting things right

Epayments must do the following to put things right:

- Pay X £150 compensation for the distress and inconvenience it has caused.
- Pay X 8% simple interest on the money in his account, calculated from 9 November 2023 to 25 June 2025.
- If any currency conversion fees, or other fees/commissions were charged by Epayments or their banking partner during the refund process, these should also be refunded.

*If Epayments considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell X how much it's taken off. It should also give X a tax deduction certificate if he asks for one, so he 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 X to accept or reject my decision before 24 March 2026.

Sharon Kerrison
Ombudsman