

The complaint

A company I'll refer to as Z complains that SumUp Payments Limited unreasonably denied them access to merchant accounts in their name and allowed a former director to transact on the account.

Z is represented Mr H, who is a director.

What happened

The facts of this case are well known to both parties so I will cover them off only briefly here. Mr H directorship of Z in March 2025. At the time Z held two merchant accounts with SumUp. Mr H became concerned the former director of Z had used one of the accounts to transfers themselves money without authorisation.

Mr H contacted SumUp, who blocked both accounts. But they declined to provide any further information or access to the funds without an official request from the relevant authorities.

Dissatisfied with this Mr H referred Z's complaint to our service. Our investigator didn't think SumUp had been unreasonable, but Mr H disagreed and the complaint was referred to me to decide.

After discussions with SumUp, they agreed to release the remaining funds to Z, and give access to one of the merchant accounts. But Mr H thought SumUp shouldn't have allowed the former director to transfer funds through the account after they had been removed as a director.

After review I issued my provisional decision that said:

I'm pleased to see SumUp have now released the remaining funds to Z. I appreciate SumUp must take reports of fraud or financial crime seriously and investigate appropriately. But here I think it's clear from Companies House's records Mr H was the sole director since March 2025, and another company he owned was the person with significant control since December 2024. It's reasonable for SumUp to clarify who they were talking to and take appropriate steps to identify them.

While it can take a while for Companies House records to update, by the time SumUp originally responded to Z's complaint on 21 May 2025 it would be clear Mr H was authorised to act on behalf of the company. And there's no allegation Mr H was involved in the former director transferring money through the account, or any other concerns I'm aware of which would mean Z's accounts would need to be restricted. So, I'm not minded that waiting for some form of official request from a relevant authority is proportionate here.

I see SumUp could reasonably have allowed Z access to the accounts and funds within them at this time. And in line with our service's approach where complainants have been unreasonably deprived of funds, they should reasonably have had access to, I see it would be reasonable for SumUp to pay 8% simple interest on the sums held, from 21 May 2025 until the date they were released to Z.

Mr H has said SumUp shouldn't have allowed the former director to transfer funds from the SumUp account. I can see from the statements of that merchant account £8,785 is transferred in on 11 March 2025, and then £8,700 transferred out the same day. £85 is then transferred out on 19 March.

I appreciate Mr H says the former director had no connection to Z at the time. Although my understanding is this merchant account was created by the former director, and the earliest transactions I can see are when they were still listed as a director with Companies House. It seems likely they created the account when they were authorised to act on behalf of Z. They were authorised to transact on the account – I've seen nothing to suggest Z removed the former director's authority. The expectation is that a business will contact SumUp for any updates on their account mandate. For example, adding or removing authorised payers.

So, I'm not persuaded SumUp have done anything wrong by processing the transactions, in line with the account agreement. Mr H has said the funds originally came from Z's bank account – so if he believes the payments were unauthorised, he may want to consider speaking to Z's bank. But I'm not minded it would be reasonable to direct SumUp to reimburse Z.

SumUp have also provided access to one of the merchant accounts, but not the one the disputed funds passed through. I don't intend to make any specific finding or direction on this point, as it's up to Mr H what accounts he feels Z requires, and whether he wishes to continue using SumUp as a provider.

However, I agree SumUp haven't always been the clearest in communicating with Z. And as mentioned above, they could have reasonably concluded Mr H was authorised to act on behalf of Z sooner than they did. I can see how this will have caused a degree of inconvenience to Z's business operations. As such I see it would be reasonable for SumUp to pay some compensation to Z. Having considered this carefully I'm satisfied £100 would be reasonable.

This was accepted by SumUp. Mr H rejected this, saying that he thought the conclusion that SumUp didn't act improperly in relation to the funds that passed through the account. He said the former director no longer had lawful authority to act on behalf of Z at the time. He did not think the award of 8% simple interest was appropriate and did not reflect the real financial loss suffered.

It now falls on me to consider the evidence afresh.

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 remain satisfied with the conclusions reached in the provisional decision. It was appropriate for SumUp to block Z's accounts because there was concern – reported by Mr H – in how they had been used by the former director. But I'm still satisfied that the block went on too long. It's right that Z be compensated for the loss of use of these funds.

I appreciate Mr H's points on the amount on interest awarded. Not having access to the funds will have certainly impacted a wide variety of financial decisions – and Mr H has presented evidence of any specific losses from not having the funds. It's not possible for our service, as a quick and informal alternative to the court system, to go back and rework every financial decision as if they had had access to the funds. The award of 8% simple interest

per annum is to represent the loss of use of those funds. It's also in line with the interest applied to court judgement debts. So, I'm satisfied its appropriate redress.

In terms of the transactions, Mr H has raised questions of lawfulness. Matter of lawfulness are ultimately decided by a court – this isn't a power our service has. Broadly we look to see that the financial business has acted in line with the account mandate – the agreement about who can and can't transact on the account. There's no obligation under the account terms, or even in the regulations that govern payment accounts, for this to align specifically with officers of the company. It's not uncommon within business accounts for members of staff to be set up to make payments on accounts. How a mandate is set up is for the account holder to decide, in agreement with the account provider.

It would be up to Z to ensure the mandates for the SumUp accounts were updated. It's possible that the former director didn't pass on details of this SumUp account to Mr H. But ultimately this wouldn't make be an error or omission on SumUp's part. I've seen nothing to suggest the former director was removed from the account, or that SumUp were aware of any potential disputes or problems prior to the transactions. So, I'm satisfied that SumUp were reasonable to accept instructions from them. As the payments can broadly be consider authorised in line with the account mandate, I can't see that there is a reasonable reason to expect SumUp to reimburse Z for any potential losses.

SumUp should be able to provide Z with details of any transactions made on their accounts, such as copies of statements. And as mentioned in the provisional decision, I'm satisfied that it would be appropriate for SumUp to pay Z £100 compensation in recognition in the delays in allowing access to the account.

My final decision

My final decision is that I uphold this complaint and direct SumUp Payments Limited to:

- Pay 8% simple interest per annum on the balances held in the two merchant accounts, from 21 May 2025 to the date the funds were made available to Z
- Pay Z £100 compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Z to accept or reject my decision before 22 May 2026.

Thom Bennett
Ombudsman