

complaint

R is a limited company and its complaint is brought by its representative Mr P. Mr P complains that GPUK LLP (trading as Global Payments) unreasonably suspended R's merchant services account and held back payment for transactions.

background

R took a merchant services contract with Global Payments, to process card payments made to it.

Around six weeks after the processing facility had been opened, Mr P found that he was unable to use R's facility and so contacted Global Payments. The fraud department told him that, because of concerns following receipt of fraudulent transactions through the facility, it had taken the decision to suspend the account.

Global Payments also paid other transactions into a reserve account, which it said it was holding back in case of further charge backs.

Mr P says that Global Payments had no good reason to take these steps, and challenges its right to keep back payments. As things were not resolved with Global Payments, Mr P brought R's complaint to this service where an adjudicator investigated it.

From the evidence, the adjudicator concluded that Global Payments' decision to review R's account and to take action to suspend it was not unreasonable in the circumstances. She also felt that Global Payments was entitled to hold back other payments until the risk of chargeback had passed. Because of these things, the adjudicator did not recommend that R's complaint should succeed.

Mr P did not agree and said (through his representative and in summary):

- R did not misrepresent the nature of its products, and sales of this type of product might be expected to generate high payment volumes. This was not suspicious.
- It is not clear why the transactions should have triggered Global Payments' fraud department to review the facility.
- Given the time that has elapsed, there is no real threat of charge back through the card schemes and so Global Payments is not justified in holding onto the money any longer.
- The terms of the facility are not disputed, but it is unfair that Global Payments still holds R's funds and this is affecting R's cash flow.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr P says that the action taken by Global Payments was disproportionate, because only three out of 202 transactions were reported as fraudulent. He is also surprised that this triggered a review by the Global Payments fraud team.

But fraudulent transactions were reported within a short time of the facility being opened and I am satisfied that the overall position warranted concern. I do not share Mr P's view that it should not have attracted attention by the fraud team.

I am satisfied that it was not unreasonable for Global Payments to review the facility. I also find that its assessment of the risk represented by R as being unsustainable going forward was one that it was entitled to make.

I have considered the detailed arguments made by Mr P's representative that the realistic prospect of any charge back now being made is small and so Global Payments should release all the money that is held in reserve. These payments involve card not present transactions, which are generally accepted to represent a higher potential risk than face to face transactions.

I accept that Global Payments cannot simply keep R's money in reserve indefinitely. But I consider it is entitled to hold the money back until the risk to it of loss can reasonably be said to have passed. The time limits for charge backs are set by the card schemes, not by Global Payments, and I understand Global Payments has confirmed that it will review the position in October 2015.

In all the circumstances, I find that this is a reasonable approach in this case and is not unfair. Should Global Payments consider, after it has made its review, that there is still a realistic prospect of the money being charged back then I would expect it to provide R with an explanation of why that is.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P (on behalf of R) to accept or reject my decision before 9 November 2015.

Jane Hingston
ombudsman