

## **The complaint**

Ms K complains that Epayments Systems Ltd stopped her from accessing her funds held with them, and then for applying a conversion fee when returning the funds. She'd like the fee refunded.

## **What happened**

The facts of this case aren't in dispute, so I'll only briefly mention them here. Ms K held a sum of USD in her Epayments accounts. In February 2020 the Financial Conduct Authority (FCA) stopped Epayments from processing any new transactions. This meant Ms K couldn't access her money.

Epayments later identified that Ms K was a vulnerable individual but couldn't release any funds to her. In April 2022, they invited her to withdraw her funds, but said she could only do so in EUR. She complained that this meant she would incur a 2.6% current conversion fee. But Epayments said this was the charge as per the terms of her account. She received her funds on 14 July 2022.

Ms K referred her complaint to our service. One of our investigators looked in to it, and agreed Epayments had done something wrong. They felt the restrictions placed on the account were because of failures by Epayments, and Ms K shouldn't lose out because of this. They suggested Epayments pay her 8% simple interest on the balance of the account from the date of the block to the date of refund. They also said she should have the conversion fee refunded, and to be paid £150 for the inconvenience caused.

This was accepted by Ms K, but Epayments disagreed. They made a counteroffer of 1% of Ms K's account balance and £150 compensation. This was declined by Ms K.

Epayments still disagreed, saying that their terms allowed them to withhold funds while they are required to do so by the FCA and that as an electronic money institution they cannot pay interest. They said there was no evidence Ms K could have achieved such interest if she's had access to the funds. Lastly, they said that our service should avoid making awards that may interfere with the orderly wind down of their business.

As no agreement could be reached the complaint had 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.

I can see that from February 2020 Epayments were under restrictions placed there by the FCA, which meant they weren't able to process transactions. The reasons for these restrictions have been widely publicised so I won't detail them in full here. But I'm satisfied that the restrictions were down to failings by Epayments in their anti-money laundering controls.

There's no suggestion here that anything Ms K did led to her account being restricted, so I'm satisfied that the only reason she couldn't access the funds in her account is down to the failings of Epayments. The impact of this is that she couldn't access her funds for a considerable time, through no fault of hers. And I don't see this as fair, and it's reasonable for Epayments to compensate her accordingly.

The investigator suggested adding 8% simple interest to the balance, although Epayments have put forward arguments against this. But this interest is not supposed to simply reflect lost interest or investment chances – and in any case Ms K has not provided us with any specific lost investment opportunities. Instead, she's said she needed the funds for her day-to-day expenses, such as medical costs.

In this case Ms K has been deprived of these funds for over two years – money that she should have had available for her to use as she wanted. Because of the length of time I can't say for sure what the specific cost of not having these funds available would be. It will have impacted a whole host of decisions about spending and borrowing over that time. To attempt to rework or reconsider Ms K's financial decisions over the period she was without her funds would be incredibly arduous, and not within the remit of our service to resolve complaints quickly and with the minimum of formality.

With that in mind I'm satisfied awarding 8% simple interest on the amount for the period it wasn't available to Ms K is appropriate. It is a reflection of the cost of being deprived these funds. It's also in line with the statutory interest rate on judgement debts.

In terms of the non-financial impact on Ms K of not having access to his funds, I can understand it would be incredibly frustrating to not have access to her funds. Ms K has highlighted medical costs, but it's always likely she would have had to pay these anyway. But Epayments has identified her as a vulnerable individual, and I accept this will have been stressful and inconvenient for her. So, I'm satisfied compensation is appropriate, and that £150 is a fair amount.

I've considered the currency conversion fee, and overall, I'm not persuaded it's fair for Epayments to charge this. I accept this is in the terms of the account – but Ms K held her funds in USD and hasn't asked them to be converted to EUR before being returned. This is a restriction Epayments have put in place. So, it isn't fair for Epayments to apply the currency conversion fee in this particular case.

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 a fair way to resolve individual complaints between businesses and their customers, based on the individual facts of the complaint. Based on the facts of Ms K's case, I'm satisfied that it is fair for Epayments to redress her as detailed above.

### **My final decision**

My final decision is that Epayments Systems Ltd must:

- Pay 8% simple interest per annum on the full balance of his account from the date of the restriction to the date the funds were returned to Ms K.
- Refund any currency conversion fees, or other fees and charges applied during the refund process
- Pay her £150 compensation

Epayments must pay the compensation within 28 days of the date we tell them Ms K has accepted my final decision. If it pays later than this, it must also pay interest on the

compensation from the date of this decision to the date of settlement, at a rate of 8% simple interest per year.

In Epayments is required by HMRC to deduct income tax from any interest award, they should tell Ms K how much has been deducted and provide a certificate showing so if she asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 10 November 2023.

Thom Bennett  
**Ombudsman**