

The complaint

Mr O complains that Paysafe Financial Services Limited won't release his funds to him.

What happened

Mr O says his account was restricted while £134.07 was in his account with no reason provided and he was requested to upload a photograph of himself holding identification. He says he does not agree with it due to data privacy concerns and this isn't outlined in their terms and conditions. Mr O says he doesn't wish to use this account anymore and he has requested multiple times for his account to be reactivated so he can withdraw his funds, but Paysafe will not do this, which he believes is not in line with their terms and conditions. He said he previously uploaded all required documents to verify his account. Mr O made a complaint to Paysafe.

Paysafe did not uphold Mr O's complaint. They said following an internal audit on 5 September 2022, they took a decision to restrict his account for payments and they requested a holding identification image to be provided before reactivating the account. They said they have not received the requested document so they were not in the position to refund the available balance back to the source as the full deposited amount from his card was not available anymore and they can't insert partial card refunds. Mr O brought his complaint to our service.

Our investigator did not uphold Mr O's complaint. He said the checks that Paysafe are wanting to complete and the actions they've taken, are largely down to the terms and conditions of the account, so they were able to do what they've done as it forms part of the contract Mr O has with them, which was agreed to when the account was taken out. He said Paysafe and Mr O have an ongoing relationship, so things do change over time. Our investigator said that businesses introduce various processes to allow them to satisfy their legal and regulatory obligations. Businesses will engage with their customers over time, and the relationship doesn't just stop at the opening of an account. Mr O asked for an ombudsman to review his complaint.

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'd like to explain to Mr O that it is not within this service's remit to tell a business what their security procedures should be and how the business should verify his identification. This is a commercial decision for Paysafe to decide how they meet any regulatory and legal obligations with regards to verification of their customers. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct Paysafe to make changes to their policies and procedures, if necessary.

I've considered what Mr O has said about the terms and conditions do not state that he has to send the identification in the way Paysafe have asked him to. And he is right, they do not. But Paysafe aren't required to list every scenario for every security procedure they have in

the terms and conditions. But I have listed the relevant sections of the terms and conditions below - 16.4 and 16.4.7:

“16.4 Notwithstanding the above, we may, at our discretion, suspend or limit access to your Account (including without limitation, placing a hold on funds in your Account, limiting your ability to make Transactions on your Account, suspending or terminating your Card, and limiting your payment options) remove you from and/or not allow you to participate in any or all of our benefit schemes (including, without limitation, our reward scheme and our promotions) or close your Account, at any time, without notice, in any of the following circumstances”.

“16.4.7 you refuse to cooperate in an investigation or to provide adequate identity or security information or documentary evidence for verification when requested.”

So here, Paysafe has asked Mr O for documentary evidence, and he has not cooperated by providing the requested evidence. So as per their discretion (shown in 16.4 of the terms), they have placed a hold on his account. I'm satisfied that Paysafe were entitled to do this based on the agreement Mr O entered into with them. I'm not persuaded that just because Mr O provided them documents when he opened the account years ago that this negates Paysafe's responsibilities to know their customer, and if they deem it necessary – which they do here – to ask for further documentation to satisfy their security procedures.

I've also considered that section 16.1 of the terms state the following *“16.1 You have the right to close your Account and thereby terminate your agreement with us”* it continues to say *“If your Account holds a balance at the time of closure, we will ask you to withdraw your funds within a reasonable period of time, during which your Account will be accessible for the purpose of withdrawing the remaining balance only”*. Mr O says he has asked Paysafe to close his account several times, but they won't release the funds to him. But section 16.7 of the terms state *“16.7 If there is a positive balance in your Account at the time your Account is closed for any reason, these will be returned to you by the method you instruct (less the normal applicable Fees) provided the funds are not subject to any restriction”*.

So as the funds are subject to a restriction, this is why Paysafe are unable to close Mr O's account and release the funds to him. They explained to him in their final response letter that they were not in a position to refund the available balance back to source. This was because the full deposited amount from his card was not available anymore and they couldn't insert partial card refunds. So in order to approve a refund of his balance, they need to receive a holding identification image, together with a separate photograph of his identification and recently issued bank statement.

So Mr O would need to take the actions that Paysafe has asked him to take in order for them to close the account and release the funds to him. But it follows I don't require Paysafe to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 19 October 2023.

Gregory Sloanes
Ombudsman