

## **The complaint**

U complains that Squareup Europe Ltd (Square) closed its account without prior notice and recorded adverse data against it.

U is represented in bringing the complaint by its director, Mr F.

## **What happened**

In June 2022, Square closed U's account without any prior warning and recorded adverse information against it.

U opened a new account with a different provider, but as a result of the information recorded on its credit file by Square, the new provider closed the account shortly after it was opened.

U complained to Square in February 2023. They replied to U in March saying they could provide no further assistance in relation to the closure of the account.

Mr F was unhappy with this response, so he contacted our service. One of our investigators looked into the matter. She explained to Mr F that Square were fulfilling their legal and regulatory obligations when they made the decision to deactivate U's account. And she was satisfied Square hadn't made an error when it decided to close the account.

Mr F disagreed and asked for an ombudsman to review the complaint. Mr F would like the account to be reinstated, to be told the reason for the account closure and to have the adverse information against U removed from its credit file.

## **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.

Financial businesses, such as Square, are entitled to close a customer's account, so long as they do so in a way that complies with the terms and conditions of the customer's (in this case U's) account.

Having reviewed the account terms and conditions, I can see that section 37 addresses the termination of payment services. It explains that Square can close U's account without notice in certain circumstances, and it lists the criteria they must meet in order for them to do so. Square aren't obliged to disclose the reasons for their decision to Mr F, and in this case, they chose not to explain their reasons.

I've considered the evidence provided to me by both parties to determine whether or not I think Square acted fairly when they closed U's account. Having done so, I'm satisfied that Square acted fairly and that they were entitled to close U's account without giving it advance notice.

I agree that it would have been helpful for Square to make U aware of the termination immediately, however, telling U sooner wouldn't have changed the outcome.

Mr F said that if the account couldn't be reinstated, he would like Square to remove the adverse data from U's credit file to enable U to open an account elsewhere. I've not seen any evidence to show that the adverse information on the credit file has been recorded unfairly, so I'm unable to ask Square to remove it from U's file.

I know my decision will be disappointing for Mr F, but I can't reasonably say Square did anything wrong in closing U's account in the manner they did. As such, I won't be asking Square to remove the adverse information from U's credit file, nor will I be asking Square to compensate U for any inconvenience it experienced as a result of the closure of the account.

### **My final decision**

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask U to accept or reject my decision before 12 January 2024.

Tara Richardson  
**Ombudsman**