

The complaint

A company, which I'll refer to as V complain that it was misinformed by GoCardless Ltd about the process for transferring its GBP direct debit customers from a third party to them.

In bringing this complaint, V is represented by its director, who I'll refer to as Mr H.

What happened

- V was already a customer of GoCardless, having since January 2020, been using them for collection of direct debit payments from its Euro currency paying customers.
- Wishing to enter into a more committed contractual relationship as well as to transfer its GBP customers from a third-party provider to GoCardless, on 13 July 2021, in a phone call with GoCardless, Mr H had discussions with them about doing so.
- Those discussions continued afterwards, including in writing. And ultimately these were concluded with V signing a contract (the Contract) with GoCardless on 30 September 2021.
- Later, on 5 October, GoCardless sent V various documents to complete to enable the transfer to take place. In the accompanying email to V, GoCardless said they looked forward to the return of the documents along with the details they'd requested.
- GoCardless added the following:

“If you wish to move your existing customer mandates to GoCardless, you will need to follow the steps listed below,

 - 1. Complete GoCardless account set-up and verification*
 - 2. Gather bulk change information - onboarding form*
 - 3. Complete bulk change deed - onboarding form*
 - 4. Submit bulk change information and deed to GoCardless - onboarding form*

*For more information on how to complete each step, please view this guide which walks you through each step:
Migrating existing Direct Debit mandates to GoCardless”*
- On 27 October, Mr H contacted GoCardless to say he was completing the forms that had been sent to V but had some questions he wished to discuss. He asked GoCardless to contact him.
- On 9 November, V's Customer Success manager wrote to V saying he noticed V's account was now set-up and collecting payments. He said he nonetheless observed that V wasn't utilizing all the features it was now entitled to – some of which he listed. He told V that if it had any queries about its account or the features mentioned to get in touch.

- On 16 November, V contacted GoCardless again to say it was preparing to transfer the direct debit accounts over to them. It said, however, that its sales department had some concerns. In particular, about GoCardless' requirement that new customers needed to go online and fill out a mandate form in order to set up their direct debit account with V. V reminded GoCardless that it already used GoCardless for its Euro paying clients and the requirement just referred to was leading to a significant loss of business.
- V suggested that in order to prevent potential loss of business, going forward it wanted to know if it had a signed contract and direct debit instruction from its customers, it would be able to complete the direct debit forms on their behalf.
- V explained that at the time of agreeing to go ahead with the transfer, it was unaware of GoCardless' requirement. More particularly, V said its understanding was that existing customers that were to be transferred over, would not be required to complete any such forms.
- GoCardless responded with further explanations of the steps V needed to follow along with offers of assistance if needed.
- V did not complete the documents despite further chasing and offers of assistance by GoCardless.
- In February 2022, GoCardless contacted V again reminding it they'd heard nothing further, and the transfer process remained pending.
- In response, V told GoCardless that it had been receiving invoices from them for services they'd failed to provide in accordance with V's requirements.
- GoCardless, on the other hand believed the invoices were appropriate. In particular, they said because V had full access to their system and were collecting payments from customers and receiving pay outs from them. According to GoCardless, V had unpaid outstanding invoices and because of this, they decided to halt future pay-outs to V.
- Mr H therefore made a formal complaint to GoCardless. The crux of the complaint revolved around the July 2021 conversation that took place. Mr H maintained his position that he was mis-informed about the transfer process which he believed was far more complex than GoCardless had let on. He argued that the process required far more input from V than what he'd been told. So, Mr H wanted to terminate the Contract and for GoCardless to unfreeze the payments belonging to V.
- GoCardless declined. They said they didn't do anything wrong in their dealings with V. They also maintained their position that V was required to complete the onboarding process which they believed V ought reasonably to have been aware would be necessary. They didn't accept V's assertion that they were in breach of the Contract and so, were not prepared to release V from it.

- V wasn't satisfied with GoCardless' response and so, Mr H brought its complaint to this service to consider.
- Our investigator didn't uphold the complaint. He gave the following reasons – in summary:
 - GoCardless provided V with detailed instructions and guidance on the steps it needed to follow to complete the transfer. He believed this was how it would have been explained during any discussion that took place between V and GoCardless before the Contract was signed, whereas V chose not to engage with the process.
 - Although V is disappointed the transfer process turned out to be more complicated than what it said GoCardless had told it, he'd seen no evidence the process was as V says was explained to it.
 - V has provided no evidence to demonstrate that GoCardless breached the Contract or prevented V from being able to make use of the services GoCardless agreed to provide. On that basis he didn't think GoCardless acted unreasonably by not allowing V to cancel the Contract.
- V didn't agree with the investigator's conclusions and Mr H asked for an ombudsman to review its case. I summarise what I consider are Mr H's main points:
 - From the outset V had no intention of proceeding with the transfer if the process entailed significant administrative work.
 - V has provided a statement from its Accounts Office Manager who I've anonymised as Ms B. In it, Ms B has told us she was present on the call that took place between Mr H and GoCardless on 13 July. And in her statement, Ms B said that Mr H made clear several times to GoCardless that one of V's main requirements was that the transfer to them should be simple and without any need for the involvement of its customers.
 - According to Ms B GoCardless assured Mr H that V simply had to send one e-mail to all its customers to let them know about the proposed change. She said she formed the impression the process was similar to switching bank accounts to a new provider whereby the new bank assumes the responsibility for the transfer of all existing direct debits.
 - According to V, details of the transfer process were sent to it on 5 October 2021 – which was after the Contract was signed.
 - V can find no evidence, prior to the signing of the Contract that Go Cardless provided any information about what was actually required of V to complete the transfer.
 - GoCardless have prevented V from making use of their services by failing to interact with the existing service provider to obtain all the information required in the way that it was originally explained to it.

- Whilst GoCardless are claiming their reason for withholding funds that were collected in Euros for V is due to outstanding invoices relating to its GBP account, no such payments have been collected by GoCardless as the GBP account still remains with the original service provider.

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.

Where the evidence is incomplete or inconclusive (as indeed some of it is here) I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Having reviewed Mr H's detailed submission, I can see how strongly he feels about this matter. However, I have not commented on each of the points he's made although I assure him, I've considered them. I mean no discourtesy in taking the approach that I have; it simply reflects our informal process. That being said, I have commented on aspects of his submission that I think are relevant to determining this case fairly.

My starting point is this. For me to require GoCardless to terminate the Contract as V would like to happen, I would need to find that they had made an error or acted unreasonably towards V.

So, I've thought about what essentially is at the heart of V's case regarding the error GoCardless allegedly made.

Essentially it is that they misinformed Mr H regarding their bulk transfer process. In other words, they allegedly said that the process wouldn't be administratively burdensome because much of the work involved would be carried out by GoCardless. It is also V's case that had it not been mis-informed in such terms, it would not have gone ahead and signed the Contract. So, I've considered that too.

Unfortunately, the 13 July 2021 call in which Mr H said misinformation about the transfer process was given to him, is no longer available.

I appreciate Mr H is clear in his recollection of the conversation that took place at the time and Ms B supports that recollection.

But GoCardless on the other hand obtained a statement from the employee with whom the conversation took place. And he says he's certain he would have mentioned the process that needed to be followed in order for the transfer to GoCardless to take place.

I therefore have two opposing version about what was said in the July 2021 call. Faced with that, it is difficult to determine who is right.

It is clear nonetheless, that administratively, the procedure for transferring its customers from the third party over to GoCardless required more than a simple e-mail from V to its customers to alert them of the change.

The documentation that was delivered to V and the explanation of the process set out in the 5 October 2021 email, demonstrate an established process as did the explanation provided on-line. So, it is difficult to understand why GoCardless would have told Mr H otherwise. And more to the point, to have assured him that GoCardless would assume tasks and responsibilities for themselves that were clearly no part of the process explained in the 5 October e-mail and on-line.

That being said, given that it's V's case that it was misinformed about the process, on receipt of documentation and GoCardless' email of 5 October, reasonably I'd have expected V to contact GoCardless immediately to query the reason for that.

I am persuaded that V knew or ought reasonably to have known when it received the documentation and GoCardless' 5 October email, that the process did not simply require V to send an e-mail to its customers alerting them to the new provider. Indeed, it began taking steps to complete the documentation as its communication with GoCardless on 27 October indicated. That doesn't seem to me on balance, to suggest V had been expecting to do little else besides sending an e-mail to its customers to satisfy its part in the process.

Indeed, I've found no evidence that before 16 November, when V contacted GoCardless to explain that its sales department had raised concerns about the transfer process, that Mr H had similar concerns. In light of these wider circumstances, I find it difficult to conclude V had been mis-informed about the transfer process.

I turn next to V's further argument that it would not have agreed to transfer its customers to GoCardless if it had been informed the process required significant administrative work on its part.

I've thought about this carefully. But I don't have anything to indicate that this was the primary reason for agreeing to the transfer and the signing of the Contract. In other words, I've not been persuaded that V would not have agreed to sign the Contract if, as Mr H has told us, the process had been accurately represented to him in July 2021.

I say that because I've taken account of the discussions between V and GoCardless in the run up to the Contract being signed - including those regarding bespoke pricing and discounts that GoCardless indicated they were prepared to offer to V. Nothing was said in those discussion regarding V's understanding of GoCardless' alleged responsibilities in the transfer process.

But I have noted, for example that on 29 September 2021, the day before the Contract was signed, GoCardless wrote to V saying:

"I have attached the updated figures we can offer you in a commercial proposal to this email. I have been given permission to offer these rates if we are able to reach a signed agreement by COB (4.30pm) tomorrow. If you are happy with the discount let me know and I will get to work on the contract straight away to be sent electronically to you in time."

As mentioned above, the Contract was signed the day after on 30 September 2021. It seems reasonable to conclude therefore that the discussions that had taken place led to an attractive package and in all likelihood that would have been instrumental in persuading V to sign the Contract.

In summary, I'm satisfied V knew there were certain steps it needed to take to facilitate the transfer to GoCardless and indeed began to do so before disengaging from it despite offers of assistance from GoCardless. In the circumstances, I do not find that GoCardless have treated V unfairly in declining to release V from its obligations under the Contract.

Finally, I note V doesn't believe GoCardless should be holding on to its funds and refusing to release them. GoCardless' email dated 9 November 2021 indicated V's account was in operation. And it is GoCardless' case that V has unsettled invoices which is the reason for holding on to its funds. I don't have anything from V to indicate that what GoCardless has

said is wrong. So, in the circumstances, it doesn't seem to me to be an unreasonable approach for GoCardless to take.

Whilst I anticipate V will be disappointed by my decision on this case, I've found no persuasive evidence that GoCardless has done anything wrong

My final decision

For the reasons stated above, my final decision is I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask V to accept or reject my decision before 9 April 2024.

Asher Gordon
Ombudsman