

The complaint

Mr M has complained that Paysafe Financial Services Limited (Paysafe) closed his account and hasn't so far released any of his funds. He wants all his funds to be returned to him.

What happened

Mr M opened an account with Paysafe in 2018. Paysafe reviewed the account in August 2020 and informed Mr M that it would be closing his account due to a violation of its terms of use. It told Mr M it would return his funds to him if he provided a recent bank statement and a photograph of himself holding his identity document.

Mr M provided the relevant documents over a period of time between 2020 and 2022 but Paysafe didn't deem those to be acceptable and so it held onto Mr M's funds which at the time came to 3,989.98 US dollars.

Mr M complained to us in November 2022 and said he wanted his funds to be returned to him and that he had provided sufficient documentation to Paysafe as per its request.

The matter was referred to Paysafe at the same time. It provided a final response in January 2023 not upholding the complaint. It also didn't agree to refund any of the funds. It later said it was still prepared to release Mr M's funds if he provided a recent bank statement and a photograph of himself holding his identity document.

One of our investigators reviewed the complaint but she didn't think it should be upheld. She thought Paysafe was acting within its terms and conditions when it reviewed and closed the account. She also thought it was acting fairly and reasonably when it didn't accept the documentation Mr M had provided.

Mr M didn't agree and asked for an ombudsman's decision so the case was 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.

It might be helpful if I start off by explaining that our service doesn't punish or fine businesses, and it's also not our place to say that a procedure the business follows is incorrect. Only the industry regulator, the Financial Conduct Authority (FCA), can do this. Businesses have legal and regulatory obligations they have to meet and they have processes in place in order to meet these obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. To comply with its obligations Paysafe may need to review an account and/or restrict its customers' access to accounts and funds held within them. So, our role in cases like this one, is to look at whether the business has followed its own internal procedures correctly, while also meeting its legal and regulatory obligations.

Paysafe said it reviewed Mr M's account in August 2020 and thereafter decided to end its business relationship with him. Mr M said no notice was given before the account was closed but he received a message letting him know that his account was permanently closed. From what I have seen, I don't think Paysafe acted unreasonably in reviewing the account. As mentioned above, it has ongoing legal and regulatory obligations, and this means that in order for it to comply with those it may need to review its customers' accounts from time to time which may lead to an account being closed. And, it doesn't need to give notice that it is reviewing an account. This is also in its terms and conditions.

As I said above, the account was closed without notice. Paysafe is relying on its terms and conditions which say that it can close an account immediately in certain circumstances. I have considered its reasons for doing so and I think it acted fairly and reasonably in the circumstances. I appreciate this was a difficult time for Mr M who said the money that Paysafe held on to amounts to a year's earnings for him, but as I think the immediate closure was fair, I'm not considering awarding him any compensation in relation to this.

Mr M wants the funds in his account, which is around 3,989.98 US dollars returned to him. He's said that this is money he has earned through freelancing work. Paysafe has said that it is willing to release the money to Mr M. But in order to do so Mr M has to complete Paysafe's verification process, which I don't find unreasonable.

I can see that Paysafe has clearly explained this to Mr M. And told him that this process is its standard procedure. So, I'm satisfied that Mr M understands what he needs to do in order to satisfy Paysafe's request. I'm also satisfied that Paysafe has these processes in place in order to comply with its legal and regulatory obligations when providing accounts to customers. So, I can't say Paysafe has done anything wrong by asking Mr M to provide the documents and verify his identification in order to complete this process.

I appreciate that Mr M has supplied Paysafe with a number of documents on at least two separate occasions. And that not having access to the funds has made things difficult for him financially. But I can also see that Paysafe has told Mr M what he needs to provide in order for the funds to be released to him. Paysafe has also confirmed that the documents provided by Mr M to date aren't acceptable. Having looked at the documents I don't think that's unreasonable.

My final decision

For the reasons above I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 28 February 2024.

Anastasia Serdari
Ombudsman