

## **Before the Arbiter for Financial Services**

**Case ASF 074/2024**

**SF (the 'Complainant')**

**vs**

**Papaya Ltd.**

**Reg. No. C 55146**

**('Papaya' or 'Service Provider')**

### **Sitting of 30 May 2024**

#### **The Arbiter,**

Having considered in its entirety, the Complaint filed on 16 April 2024, including the attachments filed by the Complainant,<sup>1</sup>

#### **The Complaint**

Where, in summary, the Complainant claimed Papaya blocked her Blackcatcard fintech account with €5,988 for reason that they were making an 'alleged money laundering check'.<sup>2</sup> Complainant stated they have not provided any further information. She also affirmed that all supporting documents requested by Papaya were duly provided but at the time of making the complaint, the account had remained blocked for 5 months. As a mother of two children, she had urgent need of the funds. She stated that she is from Ukraine suffering the hardship of war and cannot afford to have such money blocked indefinitely.

By way of remedy, she requested the urgent release of her blocked funds.

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<sup>1</sup> Page (P.) 1 - 6 and attachments p. 7 - 14

<sup>2</sup> P. 3

### **The reply of the Service Provider<sup>3</sup>**

In their reply of 26 April 2024, Papaya simply state:

*“With reference to your sent letter ‘Complaint against Papaya Ltd’ with reference number ASF 074/2024 dated 16 April 2024 concerning the complaint submitted by a natural person ... Complainant ... (hereinafter – the Claimant) to the Office of the Arbiter for Financial Services, Papaya Ltd (hereinafter – Papaya) states that due to impediments established by law of the Republic of Malta, Papaya is precluded from effecting any payment to the Claimant and is also precluded from providing any further information in respect of the matter.*

*We remain at your disposal for any further clarification you may require in this respect.”*

### **Hearing<sup>4</sup>**

The Complainant submitted that:

***“I have not been able to withdraw my funds for more than nine months. Recently I found out that maybe the reason is that SEPA is not working. I would like to know the timeframe when I will be able to get my money back.***

***I have a balance of nearly €6,000 with Papaya which has been blocked for several months. I have provided Papaya with all the documents they requested. They did not give me an answer why they blocked the account; they always tell me that I should wait, wait, wait.”<sup>5</sup>***

The witness was not cross-examined.

The Service Provider submitted:

***“In addition to the reply that we have provided to the Arbiter’s Office, I state that we are in a position that we are not allowed by the effective law in Malta to disclose actual reasons for blocking the account.***

***The reason why we cannot disclose this information is provided in legislation, so, we are in a position where we cannot explain further, otherwise we will be violating the laws.***

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<sup>3</sup> P. 20

<sup>4</sup> P. 21 – 22 – held on 28 May 2024

<sup>5</sup> P. 21

***Regretfully, this is the only explanation that we can give in this case.***

***Asked by the Arbiter whether we have requested information from the complainant which she did not provide, I say that not to my knowledge.”<sup>6</sup>***

The witness was not cross-examined.

### **Consideration and analysis**

The Arbiter, having heard the parties and seen all the documents and submissions made, proceeds to adjudicate the case as provided in Article 19(3)(b) of Chapter 555 of the Laws of Malta by reference to what, in his opinion, is fair, equitable and reasonable in the particular circumstances and substantive merits of the case.

From the evidence provided, and from the fact that Papaya’s behaviour complained of is very specific to the Complainant and has no general application to the great majority of clients of the Service Provider, it does not result that Papaya are acting capriciously, unethically or illegally in not complying with Complainant’s request to release the funds.

### **Decision**

In the circumstances, the Arbiter is refuting the Complainant’s request to order Papaya to release her funds. Each party is to bear its own costs related to this case.

The Service Provider is, however, ordered to keep Complainant informed, within the limits allowed by law, about the status of her request for release of funds.

**Alfred Mifsud**  
**Arbiter for Financial Services**

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<sup>6</sup> P. 21 -22

## **Information Note related to the Arbiter's decision**

### *Right of Appeal*

The Arbiter's Decision is legally binding on the parties, subject only to the right of an appeal regulated by article 27 of the Arbiter for Financial Services Act (Cap. 555) ('the Act') to the Court of Appeal (Inferior Jurisdiction), not later than twenty (20) days from the date of notification of the Decision or, in the event of a request for clarification or correction of the Decision requested in terms of article 26(4) of the Act, from the date of notification of such interpretation or clarification or correction as provided for under article 27(3) of the Act.

Any requests for clarification of the award or requests to correct any errors in computation or clerical or typographical or similar errors requested in terms of article 26(4) of the Act, are to be filed with the Arbiter, with a copy to the other party, within fifteen (15) days from notification of the Decision in terms of the said article.

In accordance with established practice, the Arbiter's Decision will be uploaded on the OAFS website on expiration of the period for appeal. Personal details of the Complainant(s) will be anonymised in terms of article 11(1)(f) of the Act.

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