

## Before the Arbiter for Financial Services

Case ASF 137/2024

YO

(‘the Complainant’)

vs

Papaya Limited (C-55146)

(‘the Service Provider’)

### Sitting of 28 March 2025

#### The Arbiter,

Having considered in its entirety the Complaint filed on 02 July 2024, including the attachments filed by the Complainant,<sup>1</sup>

#### The Complaint

Where, in summary, the Complainant claimed that it has been unable to use its BLACKCAT business account for SEPA transfers, card payments, or crypto services since February 2024.

While in the beginning the Service Provider informed its clients through social media updates that this would be resolved by the end of February, which was later on extended till the end of April, these services are still not available for the Complainant. Thus, the Complainant is still unable to access its funds.

The Complainant stated that he has spoken to the Service Provider’s support, called numerous times, and sent several emails, but to no avail. Additionally, the

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<sup>1</sup> Complaint Form page (p.) 1 - 6 and attachments p. 7 - 129

Complainant remarks that there has been no proactive communication from the Service Provider's side.

The Complainant highlighted that the above-mentioned services are important for the operation of its business. As a result of the lack of response from Papaya Ltd, the Complainant had to resort to opening another account with another bank.

By way of remedy, the Complainant is seeking reimbursement of all the monthly fees from mid-February until the date of the filing of the complainant (total of €125), as well as the AML/Account Compliance fee for the first quarter of the year (€50), which add up to a total of €175.

Moreover, the Complainant requests the transfer of its whole balance on the BLACKCAT account to the other bank account that it had to open and, finally, the closing of its account with the Service Provider.

#### The Reply of the Service Provider<sup>2</sup>

*"Responding to the complaint against Papaya, Ltd. (Ref: ASF 137/2024) we hereby would like to provide the following information.*

*[1] The account of YO, ("**Client**") held with Papaya, Ltd. ("**Papaya**") at the time being is temporarily blocked subject to the procedure of ongoing monitoring and AML scrutiny prescribed in the effective law. On June 18, 2024, Papaya has addressed the Client with the request of information that was necessary for review of the Client's activity on the account (please find attached the communication with the Client in this respect). Due to the fact that until now the Client has failed to provide all the requested information the status of the account remains blocked and all the operations on the account are suspended.*

*[2] Contrary to the Client's allegations, Papaya maintains communication with the Client, as shown in the attached correspondence. Also, Client had a face-to-face meeting with Papaya representatives in order to update its identification information and Papaya never refused or evaded to assist Client in resolution of the current situation with the account.*

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<sup>2</sup> P. 135 with attachments p. 136 - 160

*[3] Considering Client's claims with respect to the deducted fees, please be informed that on July 10, 2024 Papaya has refunded to the Client fees for account maintenance for the period from February, 2024 to June, 2024 (including) in the amount of 125.00 EUR.*

*[4] Moreover, as soon as the Client duly fulfils its obligations and provides all the requested information (see above), the account will be unblocked and the functionality of the payment card of the Client will be restored within a daily limit that will be agreed by the parties separately.*

*Considering the above, we want to stress that we wish to resolve the existing situation with the Client and can provide solutions that would be acceptable to the Client, as soon as the Client fulfils its obligations to Papaya. We are open to further communication and are sure that we will manage to satisfy Client's requests in mutually agreeable form."*

### **Hearing**

During the hearing of the 11 February 2025, it was submitted on behalf of the Complainant:

***"We have been a long-standing customer of Papaya. Unfortunately, starting from February last year, it was not possible to use any of their services which we used to use before. So, receiving and sending funds primarily for a company was not handled in an acceptable way because in February last year, it was, first of all, the opportunity to do any safer payments or receive safer payments was not communicated correctly.***

***Then, especially on social media, there was wrong information that these services would be back in days, in weeks. Then, in March, April; then would be back in May. Still, we were not able to operate at all which did a lot of harm to our company because we were not able to receive any payments and we struggled to pay our bills. Later on, we also complained for the first time to the Financial Arbiter, and some documents were requested, which actually Papaya already had. So, in our opinion, it was to try to stall some time.***

***We were able to withdraw our remaining balance, which was somewhere at, I think, €19,000. And we still believe that those costs which we incurred maybe would be compensated for. After the first complaint to the Financial Arbiter,***

***the fees which were deducted for dysfunctional services were reimbursed to our account. And, even here, there were a lot of issues with being able to access the app because, unfortunately, over the last year the whole app and the whole account or the whole software back end from Papaya's were all dysfunctional as well.***

***The long story short, we would like to close our account as soon as possible because we are also closing down our company here in Malta and, unfortunately, that is for reasons we do not understand, but possible. And, secondly, we believe that the €268.35, which were fees to cash out our funds from our Papaya account have to be reimbursed because that was the only way Papaya advised us to get back our own funds. And, therefore, we believe should be compensated for, just get these funds reimbursed. So, long story short, we would like to have our account closed as soon as possible to really end this chapter. And, secondly, we expect that those costs totalling to €268.35 are reimbursed to our company account with Revolut. We have already forwarded those account details to Papaya; so that is what we are hoping for.”<sup>3</sup>***

The Arbiter asked for confirmation from the Complainant that it had two issues – the inability to access its funds and the charges it was incurring because it could not access its funds.

Further, the Arbiter asked the Complainant whether the first issue has been resolved at this point, that the funds can be accessed.

Complainant replied:

***“Partly, since we also have to pay fees for the Revolut transaction. But, yes, we were able to clear our balance with Papaya, yes.”<sup>4</sup>***

Addressing the Complainant, the Arbiter stated that now that the funds can be accessed, the remaining part of the complaint is the reimbursement for the extra charges which, according to the complaint form total to €175, but now Complainant is stating that they total to €268.35.

Complainant confirmed:

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<sup>3</sup> P. 161 - 162

<sup>4</sup> P. 162

***“That is correct. Plus, the account closure which was also part of it because, as we also wrote in the complaint and, also, later on, we need to close the bank account to be able to close down our company.”<sup>5</sup>***

In light of the fact that the matter is essentially the closure of the account and a couple of €100, the Arbiter asked Ing. Luzanová whether she has any questions on the evidence presented or any explanations to make. Ing. Luzanová replied:

***“We have already connected and discussed this previously. We have granted Complainant access to his funds. Actually, it was possible even before with the card, but all time, the client insisted on the separate transfers, which I have already said many times before that it’s not a matter we are responsible for. Yes, partly, yes, but we were also dependent on the third-party decision. And the second thing is that we have reimbursed the fees of the account. So, Complainant, even though, he has been using these services partly, yes, without SEPA payments, he had access to money with his card which he was constantly using.***

***So, actually, we didn’t get the order or request to close the account according to our terms and conditions. So, we didn’t get any instruction from the client to close the account in Papaya. So, he was using the payment card. And the second thing is that the client wants us to make compensation for the fees with Revolut that, actually, have arisen due to another financial institution not due to Papaya.***

***So, actually, this was the answer that we have from our side, to compensate him for the fees; even though the service was partly used, we have compensated all the fees to his account to which he has access, and this is shown in the statements that the access is through the payment cards. And that Complainant had access to his money on his account.***

***So, basically, this is our position that we don’t want to reimburse the fees which arose from the services of another financial company. And we are here to actually be subject to your decision and act as you decide. So, we at Papaya, are waiting for the decision in this case because we have already suggested to***

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<sup>5</sup> P. 163

***our client the decision regarding the situation, and he refused. So, actually, now we are waiting for the decision from the Financial Arbiter.”<sup>6</sup>***

At the end of the hearing, the Arbiter invited Complainant to send evidence to justify their claim for reimbursement of expenses of €268.35 and final submissions by 24 February 2025, and for the Service Provider to make their final submissions by 10 March 2025.

No evidence or final submissions were received by date of this decision.

### **Decision**

As the balance on account has been fully withdrawn and Papaya’s own charges fully refunded, there remain two residual issues that require a decision from the Arbiter:

1. The claim for expenses €268.35 for charges reportedly incurred by Complainant to transfer funds to an account with a third-party bank/institution.
2. Closure of the Account.

As no evidence was received about the claimed charges, the Arbiter is not issuing an order for Papaya to make good for these charges but hereby orders Papaya to close Complainant’s account which currently has no balance.

Parties are responsible for their own respective expenses in these proceedings.

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

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<sup>6</sup> *Ibid.*

### *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.