

Before the Arbiter for Financial Services

Case ASF 209/2024

FL

(the 'Complainant')

vs

Papaya Ltd.

Reg. No. C 55146

('Papaya' or 'Service Provider')

Sitting of 21 March 2025

The Arbiter,

Having considered in its entirety, the Complaint filed on 12 November 2024, including the attachments filed by the Complainant,¹

The Complaint

Where, in summary, the Complainant claimed Papaya blocked her Blackcatcard fintech account with €15,479.56 since November 2023 due to the fact that they considered the nature of her transactions suspicious.² She further stated:

'The bank's unwarranted and unlawful actions have resulted in significant financial losses and damage to my reputation.'

There are no grounds for blocking the account and withholding funds both according to international financial norms and standards, and according to the

¹ Page (P.) 1 - 6 and attachments p. 7 - 77

² P. 3

*rules of service of the bank itself. All transactions were conducted by me in full compliance with the established rules and obligations.'*³

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

The reply of the Service Provider⁴

In their reply of 30 December 2024, Papaya simply state:

'We are writing in response to the complaint filed by [the Complainant] registered as ASF 209/2024 and we are providing you with the following information and explanation.

As regards this complaint and the client, we're still unable to disclose specific details or reasons affecting the account due to circumstances which are strictly based on our adherence to specific legal regulations governing our operations.

We appreciate your understanding.'

Hearing

During the hearing of 11 March 2025,⁵ the Complainant re-stated her complaint and explained that her funds were still blocked, and she has not been given any further information.

The issue of contumacy rules due to late reply by the Service Provider was considered irrelevant as the Service Provider informed that they will not cross-examine the Complainant and will not add anything to their official reply.

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.

³ *Ibid.*

⁴ P. 85

⁵ P. 86 - 87

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. Parties are to bear their 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

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 Arbitrator'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.
