

Before the Arbiter for Financial Services

Case ASF 033/2025

DH

(the 'Complainant')

vs

Papaya Ltd.

Reg. No. C 55146

('Papaya' or 'Service Provider')

Sitting of 02 May 2025

The Arbiter,

Having considered in its entirety, the Complaint filed on 17 February 2025, including the attachments filed by the Complainant,¹

The Complaint

Where, in summary, the Complainant claimed Papaya blocked his Blackcatcard account with €4,995 since October 2023 when they requested extensive documentation to conduct a risk analysis of the transactions over the account.

"Despite providing all the requested documents, including proof of the source of funds and a bank statement, the company (PAPAYA) has not responded with sufficient details or timelines regarding the issue. They have continued to withhold my funds without legal justification and failed to comply with their obligations as a financial service provider, causing significant financial and personal inconvenience. The lack of transparency, communication, and the failure to resolve the situation in a reasonable

¹ Page (P.) 1 - 7 and attachments p. 8 - 17

time frame is why I believe my financial service provider has let me down.”²

By way of remedy, Complainant requested the urgent release of his blocked funds.

The reply of the Service Provider³

In their reply of 26 March 2025, Papaya simply state:

“Papaya Ltd. is 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.”

Hearing

During the hearing of 17 April 2025,⁴ the Complainant restated his complaint and explained that his funds were still blocked, and that he has not been given any further information. He insisted he had done nothing illegal, and that PAPAYA were blocking his funds in an abusive manner.

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.

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

² P. 4

³ P. 23

⁴ P. 24 - 27

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 his funds. Parties are to bear their own costs related to this case.

The Service Provider is, however, ordered to keep Complainant regularly informed, within the limits allowed by law, about the status of his 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 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.
