

The complaint

Mr K complains about an exchange applied to a transaction with Skrill Limited. He said that there should've been no need to exchange this currency.

What happened

The Skrill service is an electronic money service, which allows users to hold balances (effectively, linked sub-accounts) in different currencies.

Mr K told us that he opened an account with Skrill in April 2020. The account was in Czech Koruna ("CZK"). Then on 4 May he set up a Skrill virtual prepaid debit card in Euros ("EUR"). On 11 May he received a payment in EUR into his Skrill account from another user.

Mr K complains that the payment was converted from EUR to CZK, which meant that he lost money on the conversion and also had to pay Skrill's conversion fee.

Mr K said if he'd paid money into his account in EUR, Skrill would've created a balance in that new currency. It had only converted this money because someone else paid it in. Mr K thought that automatically converting funds sent by another user was unfair, and different to what other similar services did. He said that if Skrill wanted to do this, it should've either warned him about it, or asked him first. And he said that because he had an active Skrill virtual card in EUR, the money could've been paid there instead.

Skrill said that Mr K's account only had one active currency on it when the payment was received, which was CZK. If Mr K wanted to have a second currency on his account, he had to activate that himself. In this case that second currency – EUR – was only activated after this third party payment was credited to his account. Mr K then moved the balance from CZK to EUR, and this created an EUR balance.

Skrill set out the relevant terms which apply to transfers between different Skrill users. Those say that if a Skrill user pays another user in a currency they already hold, then that currency balance will be credited. But if a user pays another user in a currency they don't already hold, then the money will be converted into a currency they do hold. So incoming third party payments don't create a balance in a new currency.

Skrill didn't think it had done anything wrong. But as a gesture of goodwill, it offered to refund the charge that was applied when Mr K moved his money back from CZK to EUR, which was €34. It also offered to move some money around for Mr K, to cover the fee of €10 required for the prepaid debit card which he had applied for. Skrill said that Mr K had opened a new account to get the debit card, and it would have to close one of his two accounts, as they were duplicates. It offered to transfer his money to the new account, and close the old one. Mr K was unhappy with what Skrill had done, and what it had offered him. So he asked us to look into this.

The first investigator who looked at this thought the complaint should be upheld. He didn't think Skrill made it entirely clear to Mr K that an account opened for a secondary currency would need to be activated before it was used. And our investigator said this didn't seem to

be in the terms of the account either. So he thought that Skrill should reimburse the original currency exchange commission that was charged when Skrill converted the inward payment on 11 May from EUR to CZK, as well as the commission charged when Mr K exchanged this money back to EUR. And our investigator said Skrill should pay Mr K £50 compensation for the inconvenience caused.

Our investigator also asked if Mr K wanted to take up Skrill's offer to move the balance from his old account, which didn't have a card, onto the new account which did.

But Skrill didn't agree. It replied to correct what it said were a number of inaccuracies in our investigator's view.

Skrill said that our investigator thought that when Mr K opened his account, he had chosen a CZK account as his primary currency and EUR as secondary. It appears as if our investigator thought this because that's what Skrill told our service, in a submission dated 30 October 2020. But now Skrill said that wasn't right. It said customers only select a primary currency when they register. They then have the option to choose a second currency after registration.

Skrill said that Mr K could've created a secondary balance in EUR by depositing funds from his card and selecting EUR as the processing currency. But he hadn't done that, and receiving money in a different currency would not automatically create a secondary balance.

Skrill also said that it didn't understand what our investigator meant when he said Mr K hadn't understood that he could only activate a second currency by paying in money himself. Skrill said Mr K didn't have a secondary balance when he received money into his account. And Skrill thought Mr K had understood that he needed to pay in EUR himself if he wanted to create a secondary balance.

Skrill thought that our investigator had also misunderstood Mr K's second account, which had an EUR debit card attached to it, because our investigator thought that Mr K had an EUR wallet open at the time, and was expecting his EUR transfer from another user to be paid in there.

Skrill said that Mr K opened a second Skrill account, under a different email address, a few hours after he got this incoming EUR transfer. This account was never activated, it was eventually closed as a duplicate.

This case was then passed to a different investigator. Because Skrill thought our first investigator got some facts wrong, our second investigator asked it for some more information. Mr K had told us he created a Skrill EUR prepaid card on 4 May, but Skrill said this wasn't done until 11 May, so our investigator asked Skrill to show us that. He asked for evidence that Skrill wouldn't create a new currency balance unless a deposit was made by the account holder – so transfers in another currency would be automatically converted. And he wanted to check why Skrill thought that Mr K knew he could only create a new balance account if he made a deposit himself.

Skrill said that Mr K did create his new card on 4 May, but just applying for a new card didn't create a balance in the currency of that card. It said that creating a new balance is set out in a help article, which it shared the link for. And that article didn't suggest that an incoming transfer from another user would create a balance. Skrill said it had made a business decision not to auto create a secondary balance when someone received money from a third party in a different currency. It didn't send us the evidence our investigator asked for, to show that Mr K understood this part of the Skrill terms. It sent the relevant terms again,

which are expressed as dealing with transfers from an account, not to an account.

Our second investigator also produced a view on the case. And he didn't think this complaint should be upheld. He said he understood why Mr K was frustrated, but Skrill didn't have to follow the same process as other businesses Mr K had used in the past. It had followed its own process here, and had followed the terms of the account. Our investigator didn't think the incoming payment Mr K received was made to an active EUR balance, otherwise he said Mr K wouldn't have been charged.

Our investigator didn't think that Mr K had created an active EUR balance. The Skrill card he set up in EUR wouldn't have been activated until a balance was placed on it, and Mr K hadn't done that.

Because our investigator said that Skrill had only followed its own terms, he didn't think that it had to do any more now.

Mr K didn't agree. He said that he had agreed with the first view, and he had expected that an ombudsman would be asked to reach a final decision after that. Mr K thought our service should already have sent this case to an ombudsman.

This case was then passed to me for a final decision.

My provisional decision

I issued a provisional decision on this complaint and explained why I did propose to uphold it. This is what I said then:

Mr K hasn't shown us that he had an active balance in EUR when his payment was received. So I do think that, in converting a payment into Mr K's account into the primary currency of his account, that Skrill has followed its own terms.

But I don't agree that this is a straightforward issue, or that it was easy for Mr K to understand this before he received this payment. The article on creating secondary balances which Skrill showed us doesn't explain that an incoming payment from a third party in a different currency won't create a new balance.

I think it's also important that the "Fees" section of the Skrill website repeatedly says simply "*Receiving money is always free of charge*". Those sections do not go on to explain the ways in which fees may be automatically and instantly applied by Skrill to the money received.

So, in order to be aware of the cost to him of receiving this payment, Mr K would have had to ignore a number of short, simple explanations of fees on Skrill's website, and instead, read very carefully and in full a paragraph in the terms which is expressed to apply to transfers out of the account, not to transfers in.

Because it is so difficult to find information on the costs Mr K incurred, and because I think that parts of Skrill's website may be actively misleading on this point, I don't think that Mr K has been treated fairly. I think that Skrill should reimburse Mr K the fees he was charged when his currency was converted from EUR to CZK, and the fees he was charged when he opted to convert this money back. And Skrill should pay Mr K €100 to make up for the inconvenience.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Both parties replied.

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.

Mr K said that he was glad that I'd seen this case in the way he'd tried to explain from the beginning. He said he didn't have anything to add, and was happy to accept my provisional decision.

Skrill said it didn't accept my provisional decision, as per the details already provided. It has offered no further evidence or argument.

I've reviewed my provisional decision, and I haven't changed my mind. So I'll now make the award I previously proposed.

My final decision

My final decision is that Skrill Limited must reimburse Mr K the fees he was charged on both currency exchanges, from EUR to CZK and back, and pay Mr K €100 to make up for the inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 23 August 2021.

Esther Absalom-Gough
Ombudsman