

The complaint

Miss K complains that she has been unable to withdraw the money she has on a PayrNet Limited pre-paid credit card.

Parts of this complaint concern the actions of the original card issuer and or the card administrator. PayrNet took over responsibility for this account from the original issuer and so any reference to PayrNet includes the actions of the original issuer, the card administrator and any other agents acting on their behalf.

What happened

Miss K took out a pre-paid credit card in November 2014 with an opening balance of £1505. Miss K originally had the card to take with her on a trip abroad that she was taking, but she didn't use it. When she returned from the trip, she put the card away and forgot about it.

Miss K has an email confirming the balance was £1,505 in August 2015. The card expired on 1 December 2017.

PayrNet's terms and conditions say:

13. When your card expires

13.3 If your card has not been used in the eight weeks prior to its expiry date, you will be sent an email asking if you want to replace that card and keep any existing Account Balance on the account. If you request that we do this, you will be issued with a replacement card within two weeks. A replacement card fee may apply, as detailed in the summary box.

14 Redemption

14.1 You can redeem all or part of your balance by contacting us in ways described on the Website up until the date that is 6 years after the expiry date shown on your ... Card. We will transfer any redeemed funds into a bank account which is in your name. We may request proof from you of the account name.

At the time Miss K opened the account the website showed there to be no monthly fees dormancy fees associated with the card.

When Miss K was moving home in late 2020 and came across the card, prompting her to contact PayrNet to ask for a new card to be sent to her so she could use or withdraw the funds on the card.

PayrNet, say they issued replacement cards to Miss K on four occasions between January 2021 and April 2021. However, she didn't receive any of these cards. Miss K complained to PayrNet – who offered £50 compensation and said they would escalate the matter to their technical team to investigate why Miss K wasn't receiving the cards that were being issued. Miss K wasn't satisfied with this answer so brought her complaint to this service.

PayrNet told this service they were unable to locate any funds in the account. They provided statements showing all transactions on the account – the only transaction other than account charges being on 29 February 2016 for a payment of £95.25. The statements did not show a running balance of the account and when pressed PayrNet said they couldn't offer any further information on this.

PayrNet began charging monthly "inactivity fees" from March 2018 until December 2020 (although some months no fee seems to have been applied). The fees stopping coincided with Miss K contacting them to ask for a new card to be sent to her.

Our investigator upheld the complaint in summary he said:

- He didn't agree the account balance could be zero based on reading the August 2015 email in conjunction with the statements PayrNet had provided. He felt the balance before any fees had been applied was more likely to be £1,409.75
- He felt it was more likely than not that PayrNet hadn't sent Miss K an email before her card was due to expire, as they hadn't been able to evidence, they had. But also, because he believed had they sent it, the email would have prompted Miss K to withdraw her funds, as she tried to when her memory was prompted in late 2020 when coming across the card when moving.
- He didn't think it was fair for PayrNet to have applied monthly fees to the account because they started after the card had expired. Whereas had PayrNet acted within their terms and conditions and sent the email to Miss K when they should have it's more likely than not Miss K would have closed the account before the fees began being charged.
- PayrNet had caused Miss K undue trouble and upset when failing to issue her a new card to help her withdraw her funds, and he didn't think £50 was enough compensation for this.

He asked PayrNet to:

- Refund Miss K £1,409.75 and to add 8% simple interest from the date the email notifying Miss K of the card expiry should have been sent.
- Pay Miss K an additional £150 compensation on top of the £50 they had already offered.

PayrNet initially asked for extra time to consider the complaint, which was granted, as was a further extension. However, they failed to respond to the investigators findings and so the matter has now been passed to me to decide.

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.

Having read and considered the whole file, I've reached the same outcome as the investigator and for broadly the same reasons. I'll explain, but in doing so I'll keep my comments to what I think is relevant. If I don't comment on a specific point, it's not because I haven't considered it but because I don't think I need to comment on it in order to reach the right outcome.

Card balance

PayrNet's own terms and conditions say it will inform the customer of the expiration of the card if the card hasn't been used in the eight weeks prior to the expiration date. The card expired on 1 December 2017 and the only transaction had been from February 2016, so not within eight weeks of the expiration date.

PayrNet have not been able to evidence they sent the required email. And I'm persuaded that, had they sent it Miss K would have, more likely than not, acted to remove those funds or to renew the card and use the funds. I say this because when she did become aware of the forgotten card that is exactly what she did do.

PayrNet have not been able to provide any evidence to support what they have told us about there being a zero balance on the account. They have provided a brief statement with one transaction of £95.25 from 2016 and a number of monthly fees ranging from 99 pence to £1.99. Even added together all of these transactions do not account for the original balance of £1,505. The statements have no running account balance and PayrNet have said they aren't able to provide one, so I'm not persuaded by their argument that there is a zero balance.

When Miss K opened the account, it was advertised as having no monthly fees and that dormancy was free. I've relied on a screen shot of the website from the time for this information. I've seen no evidence that Miss K was provided with any updated terms and conditions while having the account and so I think it's reasonable to rely on what the website stated at the time. Based on this I don't think it was fair for PayrNet to have applied any monthly fees at all. Even if I did agree it was fair to apply the charges, which to be clear I don't, I'm brought back to the fact that had PayrNet sent the expiration email as they should have, then the fees would never have been applied, as the account wouldn't have been inactive, because Miss K would have used the funds.

So, based on all the above, I think PayrNet should refund Miss K £1,409.75 – this being the original balance of £1,505 minus the single transaction of £95.25 made in February 2016. They should also apply 8% simple interest to this from the date they should have sent the expiration email until the date of payment.

Service

Miss K tried on several occasions, across many months to get a replacement card to be able to access her funds. PayrNet didn't investigate why she wasn't receiving the cards with any vigour or try to resolve the situation for her by offering alternative solutions. Miss K complied with all of the requests to verify her address but was met with just being told another card would be issued. Even when she complained the matter was not resolved – she was told it would be escalated to a technical team and offered £50 in compensation for how long the matter was taking. But this didn't provide her with a viable solution as she still wasn't able to access her funds.

The whole matter was very frustrating for Miss K, all she wanted was to simply access her funds but had no way of doing so.

Because of this I think PayrNet should increase their compensation from the £50 they already offered to £200.

Putting things right

PayrNet should now :

- Refund Miss K £1,409.75 and to add 8% simple interest from the date the email notifying Miss K of the card expiry should have been sent.
- Pay Miss K a total of £200 compensation. They are entitled to deduct any compensation they have already paid to her from this provided they can evidence the payment.

†Her Majesty's Revenue & Customs may require that PayrNet deduct tax from the interest paid to Miss K. If it does and Miss K requests it, PayrNet must provide her with a certificate showing how much tax it has taken off, so she may reclaim it if appropriate.

My final decision

For the reasons set out above, I uphold this complaint and I require PayrNet Limited to carry out the actions as set out under the 'Putting things right' section of this decision

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 6 April 2023.

Amber Mortimer
Ombudsman