

## **The complaint**

Miss M complains about the actions of PrePay Technologies Limited trading as PrePay Solutions regarding her electronic money account.

## **What happened**

Miss M opened an e-money account with Monese, one of PrePay's agents, in March 2021. She used the account to pay for various purchases online and via the account's debit card. Miss M later upgraded from the free account to a fee-paying one and paid a fee of £49.95 in December 2021.

In November that year Miss M had complained to Monese that she didn't recognise a transaction on her account. Monese's card provider, PrePay, investigated this but didn't take any action as they found the transaction wasn't fraudulent.

Miss M was unhappy with her experience and spoke to Monese again when a second payment was taken in May 2022. Miss M confirmed that these weren't fraudulent payments but fees for a subscription she'd cancelled. On 21 June Monese asked Miss M for evidence that the subscription had been cancelled prior to the charge dates so that it could investigate whether or not to raise a refund request via its card provider with the company that runs the card network, Mastercard.

Card providers like PrePay can ask Mastercard for a refund or chargeback on behalf of their customer if there's a problem with the goods or services they've paid for. The rules for requesting a refund are made by the card scheme and refunds aren't guaranteed. There are also strict time limits for making such requests. The scheme is voluntary in that card providers aren't required to ask for refunds and a customer doesn't have a right to request one. However, we'd generally consider it fair of the provider to offer this if a request had a reasonable chance of being successful.

I understand that Miss M didn't provide the information Monese required to raise a refund request. She told Monese on 11 October that she now had proof of a conversation with the service provider about the subscription. Monese replied to say that it was now outside Mastercard's time limits to submit a refund request in relation to the two payments.

Miss M complained about other transactions and events. She asked for a refund of a payment made in December 2021. It transpired that this payment was made through another electronic payment provider and Monese told her to direct her complaint there.

Miss M also wished to have the number on her virtual account card match that of her physical card. She'd ordered a new physical card as she was worried about fraudulent payments from her account. Monese explained that its physical cards were different to its virtual cards and cancelling one didn't affect the other. It suggested that Miss M could block her virtual card in its software application at any time. Miss M said that even if she could freeze her virtual card, she needed to be able to purchase things online and shouldn't have to worry about freezing and unfreezing her card.

Miss M also complained that she could not speak with an advisor when she telephoned and found that extremely aggravating. She said, for example, that on several occasions she'd waited for an hour on hold to be told that the lines were closed. Miss M told Monese that she suffered with her mental health and because she had previously been a victim of fraud she found it very stressful when she couldn't get through on the phone.

Monese sent Miss M a final response to her complaint on 15 June 2022. It didn't uphold all her complaint points but it did acknowledge that it could have provided better customer service to her. It offered Miss M a refund of the annual account fee she'd paid of £49.95 and £50 compensation for the stress the matter had caused. Monese explained to Miss M that she could contact it by chat or email to cancel her virtual card, after which she could set up a new virtual card in the account application directly.

Miss M didn't accept this resolution but she told Monese in July 2022 to apply the refund of £49.95 for the account upgrade and downgrade the account. Monese replied that it was waiting for her acceptance of its offer before applying the refund.

In November 2022, Miss M raised another payment issue with her account relating to a payment for a hotel stay in September. She had been charged more than she should have been and wished Monese to request a refund of the overpayment. Upon investigation Monese decided it didn't have enough evidence from Miss M to successfully request a refund and so didn't pursue this.

Miss M brought her complaint to us regarding all of the above in December 2022. She also said that Monese didn't treat her fairly by not offering her the option to discuss things over the phone.

Our investigator looked into Miss M's complaint. They didn't find that Monese had gotten anything wrong in how it dealt with Miss M's refund requests. Miss M hadn't provided the information Monese needed to raise a refund request for her subscription fees paid in November 2021 and May 2022 until October 2022. Monese could potentially have raised refund request then because Miss M was still receiving the service and so it might not have been outside of Mastercard's time limits. However, it wasn't likely a refund would have been agreed by Mastercard with the information Miss M had provided and so she didn't lose out even though Monese didn't take the request further.

Our investigator also concluded that Monese hadn't gotten anything wrong regarding Miss M's other disputed payments. The December 2021 payment had been made to another electronic payment provider and the funds were then used for a purchase. In these circumstances, Monese couldn't request a refund on her behalf. Miss M would need to request help from the other provider. Finally, although Miss M said she'd agreed a price reduction for her hotel stay in September 2022 she didn't have anything in writing to confirm this. Monese didn't get anything wrong by not raising a refund request for that payment due to having insufficient evidence.

Our investigator agreed that the customer service Monese provided could have been better. They found that Miss M's experience was made worse when Monese didn't provide her with the refund it had offered in its final response letter and charged her a second annual account fee in December 2022. They recommended that Monese refund the fees Miss M had paid so far, in other words two lots of £49.95, along with £100 compensation for the distress and inconvenience the matter had caused to her.

Monese responded to say that it had now returned these fees to Miss M and downgraded her account to the free version. However, it hadn't yet paid her compensation and felt that

£50 was a fair award for the distress caused. Monese asked for the complaint to come to an ombudsman to decide and it's come to me.

Miss M shared with us in December 2022 that she has a specific condition which hinders her ability to read and write. She explained that she would have found it easier to interact with Monese over the telephone and she doesn't think it provided an appropriate level of support for her or for anyone else with a similar condition. Our investigator found that Miss M hadn't told Monese about her condition or her communication needs so it was unaware of these until we shared this information in our views. We've let Miss M know that she would need to speak with Monese in the first instance if she wished to raise a complaint about this. So I haven't considered this aspect of her experience with Monese.

### **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.

The facts of the case are known to both parties so I won't set out what happened in further detail. I want to reassure Miss M and Monese that I have reviewed all the information available to me and taken into consideration everything that's been said. I appreciate that this will be disappointing for Miss M but I am not upholding her complaint she raised about the disputed transactions. I don't think Monese got anything wrong in its handling of these refund requests which meant she lost out, as I'll explain.

#### November 2021 and May 2022 subscription payments

Miss M told Monese in October 2022 that she had evidence of her attempts to cancel the subscription in December 2021 and May 2022. Monese told Miss M that it was outside of the time limits set by Mastercard to raise a chargeback request, this being with 120 days of the transaction settlement date in the case of a disputed recurring transaction. The evidence Miss M was able to provide was a transcript of a webchat exchange with the service provider in September 2022 in which she referred to cancellation attempts in December 2021 and May 2022. There's no confirmation by the provider in this exchange that Miss M made a cancellation request. Even if Monese was within the time limits, I wouldn't consider it treated Miss M unfairly by declining to process this request on the basis of insufficient evidence.

#### December 2021 payment

This payment was made to a merchant via another electronic payment provider and Monese told her to direct her complaint there. It said that it was responsible for the funds reaching the payment provider but that provider was then responsible for any onward transaction. I don't think this was an unfair response. Monese would be essentially asking the other payment provider to facilitate a chargeback process on Miss M's behalf, which she could do directly, and the provider could potentially offer her alternative refund methods.

#### September 2022 payment

Miss M told Monese in November that she'd been charged the full price for a hotel stay and had agreed with the manager that she would be charged half the cost. Monese asked for evidence of the agreed price but Miss M was unable to provide anything in writing that showed what had been agreed. I've reviewed the information Miss M sent to Monese about this transaction. This shows that Miss M was offered a discount on future bookings because of her dissatisfaction with her experience. There isn't anything in the information I've seen which says that Miss M was offered a reduction in price for her September visit. I don't

consider that Monese treated Miss M unfairly when it declined to process a request on the basis that the evidence wasn't sufficient.

### Compensation

In its final response to Miss M in June 2022 Monese offered to pay her £25 to reflect the lack of service she'd experienced as its response times weren't ideal. It also offered to refund the account fee of £49.95.

In her response Miss M shared with Monese that she was taking medication for two mental health conditions. She said "... I have gone through periods where people have attempted to take my money fraudulently and I have been unable to contact you via the phone when I have been panicking. I suffer with [two mental health conditions] which I am medicated for and therefore considered a vulnerable customer. In addition to this stress I have long wait periods on the phone which cut off after an hour and no way to speak to anyone directly." Monese said it appreciated that the situation had been stressful and offered Miss M a further £25 in recognition of this.

Miss M said in response in July that she would refer her complaint to us and asked Monese to downgrade the account and refund the fee. Miss M asked Monese in an email in October why the refund and compensation had not been paid. Miss M said to us in December 2022 that not only had her complaint been going on for a long time but Monese hadn't downgraded the account or refunded the fees and she'd been charged another annual account fee.

Monese said it didn't carry out its offer of refund or compensation because Miss M didn't agree with the complaints outcome therefore it took no action. In response to our investigator's recommendations sent on the 24 March 2023 Monese downgraded the account and refunded the two account fees but didn't feel any compensation beyond £50 was appropriate because Miss M hadn't accepted the resolution. Monese was aware of Miss M's mental health conditions by June 2022 and it acknowledged that its lack of service had impacted on her and offered her compensation for this. I've considered whether this amount fully reflects the impact on Miss M.

We have an approach which I've borne in mind alongside everything else when making this decision. There isn't a specific calculation for awards to compensate for the emotional impact of errors. As set out on our website, a small monetary award of less than £100 could fairly compensate a one-off incident or occurrence such as a small administrative error or a short delay, as long as they cause minimal impact and are put right quickly. I can't say that this is what happened here.

I think Monese should have downgraded Miss M's account when she requested this and should not have charged a second account fee especially as it was aware of Miss M's particular circumstances by June 2022 and the potential for any further issues to cause her greater distress. Our investigator recommended an increase in compensation to £100 and I think an award of this amount would be more appropriate in this case.

### **Putting things right**

In order to put things right for Miss M, Monese should now pay her a total of £100 compensation, in addition to the refund of her account fees which I understand has happened.

**My final decision**

For the reasons I've explained above I'm upholding Miss M's complaint about PrePay Technologies Limited trading as PrePay Solutions in part and it now needs to put things right as I've set out.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 3 October 2023.

Michelle Boundy  
**Ombudsman**