

The complaint

Mr A's complained about First Rate Exchange Services Ltd's handling of his pre-paid travel money card account.

What happened

Mr A was on holiday abroad when he had trouble making transactions using his travel money card. He called First Rate to report the problem and believed his card would start working again the next day. After having to report further problems, he complained to First Rate.

First Rate considered the complaint and found that it wasn't at fault for the transactions not being processed. But First Rate accepted that it had inadvertently mis-informed Mr A over the phone as to the reasons why certain transactions may not have gone through. It apologised for that and offered to pay Mr A £30 as compensation. It also offered to redeem the funds in the account and move them to his bank account at the same rate at which he'd transferred them.

Unhappy with First Rate's response, Mr A brought his complaint to this service. Our investigator looked into the matter and ultimately recommended that First Rate should increase its offer of compensation to £155 in total.

While First Rate accepted the investigator's recommendation, Mr A didn't confirm if he was willing to accept it. So, the complaint was passed to me review afresh.

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 done so, I'm upholding this complaint in part. I'll explain why.

It's not in dispute that Mr A experienced problems in using his First Rate account while abroad. I realise this must have been very frustrating for him. In response to the investigator's final assessment, First Rate's agreed to increase its initial offer of compensation of £30 to £155.

I need to decide whether the increased offer represents fair compensation for Mr A in the circumstances. In doing that, I've thought very carefully about what Mr A's told us about how First Rate's actions impacted on his family holiday and the trouble he was put to as a result. For example, in having to borrow money from friends to spend while abroad.

While I don't doubt that Mr A's holiday was affected by the issues he experienced, it's important to draw a distinction between the events First Rate was responsible for and those it wasn't. That's because this complaint's against First Rate and not any other party or financial business.

It seems that Mr A was able to use his account card at the very start of the holiday before encountering problems. I can't be certain as to why that was the case – the video evidence Mr A provided doesn't, in my view, shed significant light on that aspect – but I've seen no evidence to suggest First Rate had blocked the card or account. First Rate claims the problems in carrying out the intended transactions were due to errors by the merchants that processed the payments, rather than by First Rate itself. I gather First Rate did indicate to Mr A at one stage that it had experienced technical problems which may have affected him. But it later clarified in its final response letter that this was for a short time one day in early September 2022 and that these hadn't in fact affected the transactions Mr A had attempted to make.

Overall, I don't think there's enough evidence for me to find that First Rate was at fault for the problems Mr A encountered while abroad. Or that it should compensate him for the cost of his holiday. That said, I realise it must have been confusing for Mr A to have been told initially that he may have been affected by the wider technical issues First Rate had experienced, only to be told later that that wasn't the case. And I think First Rate could have handled Mr A's subsequent complaint more quickly than it did.

Taking everything into account, I believe that it would be fair for First Rate to pay Mr A £155 in total as compensation for the poor service it's provided him with. That total includes any amounts it's previously offered or paid.

It's open for Mr A to provide his bank name, sort code and account number to First Rate so it can return his funds to him at the same rate as at the time of the initial transfer.

Putting things right

First Rate should pay Mr A £155 in total as compensation for the confusion and inconvenience it's caused him if it hasn't already done so.

My final decision

For the reasons given, I'm upholding this complaint in part. I require First Rate Exchange Services Ltd to put things right for Mr A as explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 13 September 2023.

Nimish Patel
Ombudsman