

The complaint

Mr J complains that he deposited funds with Skrill Limited for transfer to his uncle, and those funds didn't reach their destination and haven't been refunded.

What happened

On 21 January 2021 Mr J deposited £2,000 with Skrill from his credit card account, to be exchanged into local currency and for onward transmission to his uncle's bank account. His uncle has confirmed he never received the funds. Mr J raised a chargeback through his card provider, and was initially successful as the £2,000 was returned to his Skrill account. However Skrill insisted that the transfer had been successful. As it had used company funds to repay Mr J's account that left the account in debit by £2,000. Skrill successfully challenged the chargeback and obtained his funds back from Mr J's card provider, leaving the account with a zero balance on 18 March 2021.

At that stage however Mr J's credit card account was £2,000 in credit. But that was reversed by a £2,000 adjustment to the account on 14 February 2022. Skrill however says it paid out £2,000 for a second chargeback on 15 April 2021, leaving the account balance at minus £2000. But this was not received by the credit card provider

It appears that the payment to Mr J's uncle was returned unpaid. A payment in of £2,000 by way of bank transfer was marked on Mr J's Skrill account on 21 April 2022. However as at this stage the account was in debit this payment again left it with a zero balance.

On referral to the Financial Ombudsman Service, our Investigator said that as Mr J's funds had been returned to his Skrill account, then Skrill should refund £2,000 to Mr J's account, with 8% interest from the date of debit to the date of settlement.

Skrill did not agree, and the matter has been passed to me for further consideration.

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 payments in and payments out of Mr J's account are complicated. Generally I am satisfied first of all that the £2,000 that Mr J lodged initially with Skrill in January 2021 did not reach his uncle's bank account. I have seen the statement for the period in question and a letter from his uncle's bank confirming the monies were not received.

Mr J's credit card statements show that a payment went out to Skrill on 21 January 2021 and a payment of £2,000 was received from Skrill (marked as an adjustment to the account) on 2 March 2021. On 15 February 2022 (again marked as an adjustment to the account) £2,000 was debited from the account. This left the account, as far as the £2,000 was concerned, with a zero balance. This would appear to accord with Skrill's assertion that it had successfully challenged the chargeback.

Mr J's Skrill account shows an initial receipt of £2,000 from the credit card account and an initial payment of that sum into Mr J's uncle's bank account. But, as we know, that money never reached the said account. On 8 March 2021 a withdrawal of £2,000 showed on the account. That was followed by a "chargeback reverse" on 18 March 2021, again of £2,000. This was followed on 15 April 2021 by a further chargeback of minus £2000. Finally the original £2,000 was returned to the account on 21 April 2022.

So far as I can see, those payments have all been identified as being related to the original £2,000. So far as the first chargeback is concerned, Skrill says that company funds were used to pay to the credit card company. And I can see that the funds were received into the credit card account. However, so far as the second chargeback is concerned, although the Skrill account shows a payment out of £2,000, this was not received into the credit card account. So when the funds sent to the uncle's account were returned, this left the account with a zero balance. Following our investigator's view that Skrill should return the money, it has not sought to explain the matter any further.

So, my conclusion is that Skrill still retains Mr J's £2,000. Skrill should refund that sum to Mr J, with 8% interest, for the time it has held the money.

Putting things right

Skrill should pay Mr J £2,000. It should further pay 8% interest* on that sum from 21 April 2022 until repayment.

My final decision

I uphold the complaints and require Skrill Limited to provide the remedy set out under "Putting things right" above.

*HM Revenue & Customs may require Skrill Limited to deduct tax from any award of interest. It must give Mr J a certificate showing how much tax has been taken off if he asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 10 October 2023.

Ray Lawley
Ombudsman