

The complaint

Mr D complains about PrePay Technologies Limited, trading as PrePay Solutions (Prepay), transferring his funds from EUR to GBP, causing a foreign exchange conversion rate cost.

What happened

I issued my provisional decision on 16 October 2023, and this is what I said:

I've considered the relevant information about this complaint.

Based on what I've seen so far, there will be a different outcome to what our investigator proposed. Before I issue my final decision, I wanted to give everyone a chance to reply.

I'll look at any more comments and evidence that I get by 30 October 2023. But unless the information changes my mind; my final decision is likely to be along the following lines.

The complaint

Mr D complains about PrePay Technologies Limited, trading as PrePay Solutions (Prepay), transferring his funds from EUR to GBP, causing a foreign exchange conversion rate cost.

What happened

Mr D's account is with PrePay but branded Monese. PrePay decided to close Mr D's account and they asked Mr D for details of another bank account so they could transfer his balance. Mr D says "I instructed (PrePay) to send EUR payment to my IBAN and GBP to my UK account".

However, PrePay credited Mr D's GBP bank account with EUR. This action meant EUR had to be converted to GBP, resulting in a foreign exchange conversion rate being used. Mr D calculated this as at least £228.20 and he complained to PrePay and requested a refund. PrePay rejected Mr D's complaint as they felt they acted on the information that he provided. They did however offer Mr D a goodwill gesture of EUR140.

As Mr D considered the goodwill gesture to be lower than the exchange rate conversion cost, he declined it and complained to our service.

Our investigator's view was that PrePay made an error and should pay Mr D £248.36 (to cover the exchange rate conversion) plus £50 compensation.

Mr D was satisfied with this outcome but PrePay didn't agree. PrePay explained this was because Mr D provided two options and, as there was insufficient information to make a EUR to EUR credit, they used the other information he detailed. Our investigator acknowledged this, but the view remained the same.

As PrePay remain dissatisfied this case has been referred to me to look at.

What I've provisionally 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 have a different view to the investigator and I'm partially upholding this complaint. I will explain how I have come to my decision.

I looked closely at the request PrePay made to ascertain Mr D's account details so they could credit him with his funds.

PrePay asked for the following questions to be completed:

- 1. Account holder's name*
- 2. Account number and sort code (for UK payments)*
- 3. IBAN and SWIFTBIC (for international payments)*
- 4. Bank name and address*
- 5. Your preferred currency (we'll use the daily exchange rate)*

And Mr D's response to PrePay was:

- use "xxx" (IBAN ref) for international transfers and "Sort code: xxx /Account number: xxx" for UK payments.*

PrePay's view of this information provided by Mr D was that it was "incomplete" and although he gave them two options, to credit either an account via IBAN or UK account, it was only possible to credit the UK account because IBAN required SWIFTBIC information as detailed in their request. So, as they had sufficient information to credit his UK account, they believed this would meet his requirement. Similarly, with regards to the currency, Mr D "did not provide the requested information" so PrePay "understood that we can send the funds to either of the options".

I am persuaded from Mr D comments to our service, which include "I requested they send me my EUR to another EUR account I own with another bank" and "I instructed to send EUR payment to my IBAN and GBP to my UK account", that he did present Prepay with two options but didn't want an exchange rate conversion. However, I can't see that Mr D made this clear to PrePay.

Our investigator thought that PrePay should've contacted Mr D. I think this would've been good practice, especially as PrePay considered the form to be incomplete. However, PrePay asked Mr D to fully complete their information request and, having looked closely at the information provided, the missing detail and PrePay's interpretation of Mr D's response, I can understand why PrePay went ahead and used the information provided.

Considering all the above, I think this issue could've been avoided with different communication from both parties. Mr D could've completed Prepay's questions and / or made a clear request and PrePay could've tried to contact Mr D to clarify matters. So, for that reason I'm partially upholding this complaint, and I think PrePay's goodwill gesture, which was to pay approximately half of the exchange rate loss that our investigator estimated, is a fair and reasonable amount compensation here.

So, my provisional decision is that I require PrePay to pay Mr D £124.18.

My provisional decision

For the reasons I've given above, it's my provisional decision to partially uphold this complaint.

I require PrePay Technologies Limited trading as PrePay Solutions, to pay Mr D £124.18 compensation.

I'll look at anything else anyone wants to give me – so long as I get it before 30 October 2023. Unless that information changes my mind, my final decision is likely to be as I've set out above.

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.

I'll start by thanking both parties for their responses. Also, I would like to point out that my role here is to be impartial – that is, to be objective and to be fair to both parties.

Mr D said:

"You are wrong. The issue is not about sending the money to the wrong bank account but charging FX fees (not FX rate, let me know if you don't understand the difference) for doing the transfer. I have asked to be paid back the FX fees which is twice more than what you are suggesting."

PrePay said:

"We would like to confirm there is nothing else we'd like to add at this time".

Although no further evidence has been produced, as Mr D is dissatisfied with both my understanding and provisional decision, I reviewed the file again.

Having done so, although I think PrePay could've tried to clarify matters, I also still think Mr D contributed to the issue here.

Mr D didn't provide the information requested and although he says PrePay:

"exchanged EUR for GBP without my approval and then sent money to the wrong bank account"

I found that Mr D provided PrePay with incomplete information and presented them with two payment options.

PrePay had insufficient information to complete the EUR to EUR IBAN option for which an exchange rate conversion wouldn't have been necessary. However, although Mr D says PrePay sent money to the wrong bank account, he presented them with information "GBP to my UK account" that appeared to be a second option and, considering this, I think it was reasonable of PrePay to believe they were fulfilling Mr D's request.

I can't see that Prepay charged any fees here.

In his complaint Mr D says PrePay charged me *"for an Exchange rate"* and describes his loss as:

"You have exchanged my EUR to GBP (without my approval) and sent the money to my GBP account. Moreover, looking at the exchange rate (EUR/GBP : 0,883) on 24 January (when I received the money), I received £5,937 instead of £6,191; difference of £254. $EUR\ 7,000 \times 0,883$ is = £6,191. The difference (£254) is what I was charged."

So, his dissatisfaction is with both the account credited and the exchange rate that was used to convert his EUR to GBP.

When sending back the EUR 7000 a foreign exchange of 0.8482 was used rather than the 0.883 Mr D would have liked. Whilst I understand Mr D's preference for a mid-rate to be used, considering Mr D's response to PrePay, together with information on foreign exchange transactions, wholesale rates and PrePay's terms and conditions which include the following:

- *"We transfer the relevant money and details of your payment request to a third party.*
- *We use the latest exchange rate available to us from the third party we use to exchange currency and/or transfer the money.*
- *We pass this exchange rate onto you without adjustment there may be the possibility of a change in the exchange rate between the time you authorise the payment and the time the currency exchange is carried out by the third party. This means that the recipient of the payment may receive slightly more or less than you expected.*
- *Information on the exchange rate and any applicable fees for international payments from your Card can be found on our Fees and Limits page.*
- *We use the Mastercard wholesale exchange rate and pass this onto you without adjustment. You can check the exchange rate and information on supported currencies by using the Mastercard Currency Converter Calculator."*

So, I'm satisfied that it was necessary for PrePay to use a foreign exchange rate to pay GBP to Mr D's UK account and that the rate they used was fair and reasonable.

So, having considered everything again, whilst I appreciate Mr D will be disappointed, my final decision is that I'm still partially upholding this complaint and I'm not persuaded to require PrePay to pay more than £124.18, which is similar to their goodwill offer.

As mentioned in my provisional decision, I think this issue could've been avoided with different communication from both parties. Mr D could've completed PrePay's questions and / or made a clear request and PrePay could've tried to contact Mr D to clarify matters.

So, I think £124.18, which equates to approximately half of what Mr D expected to receive with a mid-rate, is fair and reasonable in the circumstances.

My final decision

For the reasons given above and in my provisional decision, my final decision is that I'm partially upholding this complaint.

I require PrePay Technologies Limited trading as PrePay Solutions, to pay Mr D £124.18 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 1 December 2023.

Paul Douglas
Ombudsman