

The complaint

Mr S and Mr S complained, via their representative, that they have been unable to obtain the return of their money from Prepaid Financial Services Ltd (PPFS) following the closure of a programme which they had put money into.

What happened

I set out the background and my provisional findings to the complaint in my provisional decision, and copied here.

'Mr S and Mr S put savings into an investment programme in 2016. However, the programme was closed down in June 2017 and they were unable to get their money back. Their representative traced the money to funds held by PPFS in the UK but couldn't get a response to its letter of 2 June 2020 and referred their complaint to our service.

Our investigator contacted PPFS, and it replied in June 2023 to confirm the accounts had been located and following identification funds of €34,408.72 were sent to Mr S and Mr S in July 2023. Mr S and Mr S were pleased but said they should have had their money returned in 2017. The investigator said he could understand this, but at that time PPFS would not necessarily have known to whom the money held in the programme belonged.

The investigator said our service treated the complaint as a trial case to establish the facts because of the number of other investors affected. He said PPFS should have addressed the issue when Mr S and Mr S's representative wrote to them in June 2020. He said PPFS delayed the return of the funds and should pay them 8% compensatory interest from 2 June 2020 to 21 July 2023 which equates to about half the time that they held the funds.

Mr S and Mr S's representative said he tried unsuccessfully to get a response from PPFS and accepted the investigator's view. PPFS didn't respond to our service and the investigator said that the complaint must be referred to an ombudsman for a final decision. The representative pointed out that €34,408.72 (80.5%) of Mr S and Mr S's funds of €42,743 had been reimbursed, with €8,334.28 (euros) outstanding.

What I've provisionally decided – and why

I am pleased that the funds have now been returned to Mr S and Mr S, though it was unfortunate that they had to wait so long for this to happen. I have looked at the period of time it took to refund the funds and the communications between the parties to see if PPFS has treated Mr S and Mr S fairly and in accordance with good practice.

The information sent to PPFS by solicitor's letter of June 2020 about Mr S and Mr S's investment and others meant that it had reason to act to identify the affected customers. Unfortunately, it does not appear to have responded to this letter. This was a lost opportunity to resolve outstanding customer accounts by establishing the correct owners of the funds and the amounts to be repaid.

We understand that Mr S and Mr S initially invested €56,000 with PPFS. We wrote to PPFS to say that Mr S and Mr S have told us that of this sum €42,743 remained invested following

withdrawals via their bank cards, and this was the amount held by PPFS at the closure of the programme. However, Mr S and Mr S said that PPFS has only reimbursed €34,408.72 (80.5% of the funds). We wrote to PPFS and asked it to provide documentary evidence of all Mr S and Mr S's transactions and the outstanding balance. We haven't received a response to this letter.

Mr S and Mr S's representative has sent us documents about the account including a statement that he says is from PPFS. This shows Mr S and Mr S's account balance of €42,743. The statement isn't dated, and I can't be sure it hasn't been superseded by subsequent transactions, but in the absence of anything else I am currently persuaded that it shows the correct amount to be repaid to Mr S and Mr S. This means that Mr S and Mr S are owed a further reimbursement of €8,334.28.

Mr S and Mr S's accounts with PPFS were non-interest bearing. However, the consequence of the delay in a response from PPFS is that Mr S and Mr S lost access to their funds for an unnecessarily prolonged period of time. This caused them the disadvantage of not being able to use their money and in this respect compensatory interest is appropriate. And so I am minded to require PPFS to pay interest at 8% from the date of the initial funds request, 2 June 2020 until the majority of the funds (€34,408.72) were reimbursed on 21 July 2023. I don't think that before this request PPFS had done anything particularly wrong in not reimbursing the funds.

I am also minded to require PPFS to pay compensatory interest at 8% on the remainder of Mr S and Mr S's investment, amounting to €8,334.28 from the date of the funds request 2 June 2020 until this sum is reimbursed to Mr S and Mr S.'

My provisional decision and the parties' responses

I provisionally decided to uphold the complaint. I intended to require PPFS to pay Mr S and Mr S the remainder of their investment of €8,334.28 (euros), with 8% compensatory interest from the request for reimbursement of 2 June 2020, until the date of reimbursement. And to require PPFS to pay Mr S and Mr S 8% compensatory interest on the amount of the reimbursement of €34,408.72 from 2 June 2020 until the date of reimbursement on 21 July 2023.

The reason that I am awarding compensatory interest is because Mr S and Mr S lost access to their funds for an unnecessarily prolonged period of time. This caused them the disadvantage of not being able to use their money.

Mr S and Mr S's representative said, '*we totally agree with the document conclusions*'. The representative said that further evidence of the whole picture of PPFS's actions is needed in order to make of this a general case for other identical consumers. He set out some further background information.

PPFS did not respond to the provisional decision.

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.

In his response to my provisional decision Mr S and Mr S's representative agreed with the outcome. I'm grateful to him for providing detailed background information about PPFS, however I have to decide this complaint according to the situation relevant to Mr S and Mr S's circumstances.

I have looked again at the circumstances of Mr S and Mr S's complaint and the very limited information we have received from PPFS. Having done so, I haven't seen anything to change my view that PPFS has treated Mr S and Mr S unfairly and not in accordance with good industry practice.

I remain of the view that PPFS took too long to repay the funds Mr S and Mr S invested and should pay them additional interest on this. I also remain of the view on the limited information we have received that PPFS hasn't reimbursed Mr S and Mr S the total amount of their investment, and it should reimburse them completely with interest.

My final decision

For the reasons I have given here and in my provisional decision, this complaint is upheld. I require Prepaid Financial Services Ltd to pay Mr S and Mr S the remainder of their investment, amounting to €8,334.28 (euros), with 8% compensatory interest from the request for reimbursement of 2 June 2020, until the date this sum is reimbursed to them.

I also require Prepaid Financial Services Ltd to pay Mr S and Mr S 8% compensatory interest on the amount of the reimbursement of €34,408.72 from 2 June 2020 until the date they were reimbursed this sum on 21 July 2023.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mr S to accept or reject my decision before 19 March 2024.

Andrew Fraser
Ombudsman