

The complaint

Mr P complains that PrePay Technologies Ltd (Prepay) unfairly refused to allow him to cancel the prepaid card which he bought at the airport.

What happened

In May 2024, Mr P bought a prepaid travel money card at the airport from a business I will refer to as T. Mr P paid £55 and the card was loaded with foreign currency. He says that after researching the card further, he decided that it would not suit his needs so asked Prepay for a refund.

Prepay told Mr P that as he bought the card at the airport, it did not offer a cooling off period. Prepay would not refund his purchase but offered to convert the money loaded on the card back to sterling so Mr P could then withdraw the funds at a cash machine. Mr P was unhappy with Prepay's offer as it would mean losing money in fees.

Our investigator upheld Mr P's complaint saying that she didn't think he was aware of any terms and conditions when he bought the card. Our investigator didn't think that it was clear to customers that Prepay didn't offer a cooling off period for cards bought in store.

Our investigator asked Prepay to convert the balance on Mr P's account to sterling at no cost and pay £100 compensation.

Prepay disagreed with the investigation outcome. It said its terms and conditions clearly state that the cooling off period only applies to cards purchased online. This is in line with consumer protection legislation for online purchases. Prepay said that where a customer has a remaining balance, it converts the funds into GBP using the current rate of exchange.

Prepay understood that the card didn't suit Mr P's needs but said that the terms meant the contract started immediately once he had bought the card. Prepay thought that by paying compensation, it would be admitting fault when there was none.

Mr P said he had spoken with T which said that all complaints and refunds should be directed to Prepay. He found this a complicated arrangement which was not customer friendly.

Our investigator told Prepay that she didn't think Mr P was aware he could not cancel the card. She said that she recommended that Prepay compensate Mr P because of the time it took to give a concrete answer to his concerns and because of the level of customer service he received.

As Prepay doesn't agree with the investigation outcome, the complaint has come to me to decide.

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 appreciate that I have summarised this complaint in less detail than the parties and that I have done so using my own words. The rules that govern our service allow me to take this approach. But this does not mean I have not considered everything the parties have given to us.

Like our investigator, I think it likely that Mr P wasn't given enough information about the terms of the card when he bought it. This meant that Mr P mistakenly thought he would have 14 days to cancel the card after purchase. Although the terms of the card only allow cancellation of the card if it has been bought online, I don't think this was made clear to Mr P at the point of purchase.

Mr P thought he could cancel within 14 days and I can understand why he thought this. A cooling off period is a common feature of most regulated financial products such as credit cards, regardless of whether the customer takes the product out in person or online. I appreciate that the Prepay card agreement is not covered by the Consumer Credit Act 1974, so does not automatically come with a cooling off period. But Mr P says he was in a rush at the time he bought the card and didn't get the chance to review the terms until he was on his flight. Had Mr P been made aware that he would not be able to cancel the card once he bought it, he may have decided not to go ahead with the purchase.

In the circumstances, I agree with our investigator that it is fair to require Prepay to convert the balance back to pounds sterling at no loss to Mr P. By this I mean that Prepay must ensure that the sterling balance on the card is equivalent to the amount that Mr P paid for the card. Mr P can then withdraw the cash using a cash machine. It is my understanding from reading Prepay's terms, that it should be free for Mr P to withdraw cash from a cash machine (although some cash machine operators may charge their own fee).

Mr P is unhappy with the service he received when he tried to cancel the card and I can see that he experienced some inconvenience. For this, I think an award of £100 compensation is fair and in line with our published information which can be found on our website.

Putting things right

To put things right, Prepay should:

- Convert the balance on the card to pounds sterling at no loss to Mr P; and
- Pay Mr P £100 compensation

My final decision

My final decision is that I uphold this complaint. In full and final settlement, I require PrePay Technologies Ltd to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 2 December 2024.

Gemma Bowen
Ombudsman