

## The complaint

Mrs Y complains that Skrill Limited ('Skrill') closed her account without notice and charged her a fee she wasn't aware of which put her in a negative balance. She wants it to apologise and pay back her original balance of £4.50.

## What happened

I issued a provisional decision on this complaint last month and said I was considering upholding it and asking Skrill to pay Mrs Y £82.74 compensation for the distress and inconvenience it caused her. An extract from that decision follows:

*"In November 2023, Skrill wrote to Mrs Y and told her that it had carried out an audit of her account and decided to discontinue its business relationship with her. Her account was closed with immediate effect.*

*Mrs Y wasn't happy and complained.*

*Skrill responded to say that it had, in fact, closed the account in October 2023 and that the account had, at that time, a balance of £4.50 in it. Skrill said that a few days after that, it received two chargeback payments, one for £56.56 and another for £75.93 which were posted on Mrs Y's digital wallet. Skrill said it then applied a chargeback fee of £21.75. The chargebacks were, however, reversed a few days later and Mrs Y's account was then in a negative balance of -£17.26.*

*Skrill said the chargebacks were reversed as the transfers Mrs Y had disputed were made to another Skrill end-user. Skrill said in such cases it isn't party to the dispute and that the dispute is between the sender and the recipient of the funds though it said Mrs Y was free to report the matter to the police. It said as per its terms and conditions it wasn't liable to reimburse Mrs Y at its own expense. It added that its terms also stipulate that it may charge a fee for expenses incurred in connection to chargebacks raised and its actions to challenge them. It said Mrs Y was now responsible for clearing the negative balance on her account which it would seek to recover from her. Skrill didn't uphold the complaint.*

*Mrs Y responded to say that her main complaint was in relation to her account closure. She said she didn't know about the chargebacks as these were done by her credit card company who she had contacted to say that she had been the victim of a scam.*

*Mrs Y brought her complaint to us. She said that she had purchased an item online which she never received. When she tried to make a claim to get her money back Skrill told her it couldn't help as the payment was made to another Skrill user. She said she was locked out of her account and then received an email to say Skrill had decided to close it without providing an explanation why. Mrs Y added that she was not aware of Skrill's chargeback*

charges and had no correspondence in relation to this. Her correspondence was with her credit card provider. She also thought the fee Skrill applied was disproportionate. Mrs Y also said that Skrill wouldn't respond to her emails until she brought her complaint to us.

One of our investigators considered the complaint and thought it should be upheld in part. She didn't think Skrill had provided sufficient evidence to justify the immediate closure of Mrs Y's account. So she thought it should pay her £100 compensation for this. Nevertheless, she thought that the £21.75 was applied fairly and as per Skrill's terms and conditions. So she thought Skrill should pay Mrs Y £82.74 overall which is the amount that will be left after the -£17.26 balance is cleared.

Skrill didn't agree and asked for an ombudsman's decision. The matter was then passed to me to decide. Before I issued my decision Skrill provided some further information. It said under its terms and conditions, customers agree to raise chargebacks only in very specific circumstances which didn't apply in this case.

### **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.

#### The account closure

As our investigator said, Skrill has important legal and regulatory responsibilities to meet when providing accounts to customers. Those obligations are ongoing and don't only apply when an account is opened. They can broadly be summarised as a responsibility to know its customers, monitor accounts, verify the source and purpose of the funds as well as detect and prevent financial harm. Skrill may need to review accounts to comply with these responsibilities.

Skrill's terms and conditions say that it may terminate an account by giving two months' notice. They also say that it may at any time suspend or terminate an account without notice in certain circumstances which include a breach of any condition in its terms of use.

Skrill decided to close the account with immediate effect. This isn't something we would disagree with as long as it has done so in a way which is in line with its terms and conditions and also fair and reasonable.

Having looked at all the evidence, including the information Skrill provided further to our investigator's view, I'm not satisfied that Skrill was acting fairly and reasonably when it closed the account without notice. Skrill said that when Mrs Y opened her account she agreed to its terms and conditions which say that she will not raise chargebacks in such circumstances. The relevant terms say that the customer will not raise a chargeback other than for unauthorised use of their payment method, in this case Mrs Y's credit card, or a breach by Skrill of its terms of use.

I have considered Skrill's reasons for the immediate closure but in these specific circumstances I don't think it applied its terms fairly and reasonably. I say this because the terms say that Skrill "may" close an account without notice where the terms of use have

*been breached. So this is clearly a matter of discretion. And though we wouldn't normally interfere where businesses exercise their commercial discretion, we would where we feel the terms haven't been applied fairly. I don't think the terms were applied fairly here, and I say this because this was the first time since she opened her Skrill account that Mrs Y had raised a chargeback, the amounts were small and also as far as Mrs Y was concerned the chargeback was raised with her credit card company and not necessarily with Skrill. So I don't think Mrs Y would have even been aware that she was in breach of Skrill's terms and conditions. It follows that I would have expected to see stronger evidence to justify the immediate closure and so I think Skrill should have given Mrs Y more notice.*

*I also don't think it was fair and reasonable that Skrill didn't clearly tell Mrs Y the reason for the closure which led to unnecessary distress. Skrill quoted its terms and conditions as to when it can close an account, but it didn't specify which one applied in Mrs Y's case.*

*I think Skrill should compensate Mrs Y for the distress caused by the immediate closure of her account as well as the fact that it didn't clearly tell her the reason why. I think £100 is fair and reasonable in the circumstances.*

*Mrs Y hasn't said that she wants her account to be reopened so I have not considered whether Skrill should do this or not. Nevertheless, unless there is a very good reason to do so, this service won't usually say that a financial institution must keep a customer or require it to compensate a customer who has had their account closed.*

#### The chargeback fees

*As I said above, when Mrs Y opened her Skrill account she agreed to Skrill's terms of use. These include a section on chargebacks which I referred to above. This section also states that Skrill reserves the right to charge fees and expenses it incurs in connection with a chargeback and any action it takes to challenge it. And it may also charge a chargeback fee. On its website it says those fees are 25 euros which works out to £21.74 taking into account the exchange rate at the time. I think this is all clearly set out in a way that's not unfair or misleading.*

*Bearing in mind the above, I don't think Skrill has acted unfairly or unreasonably in charging this fee. I appreciate that Mrs Y feels the fee was disproportionate but I don't think it necessarily needs to be proportionate to the amount that is being challenged in the chargeback in order to be fair. I think it needs to reflect the effort that Skrill has put into investigating and potentially challenging the chargeback. In the circumstances I think £21.74 was fair and reasonable."*

Both parties accepted my 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.

As both parties accepted my provisional decision I see no reason to change any of the findings I made in that decision. My provisional findings along with any further comments here are now the findings of this my final decision.

**My final decision**

For the reasons above, I have decided to uphold this complaint. Skrill Limited must pay Mrs Y £82.74 (£100 less the negative balance of £17.26) for the distress and inconvenience she was caused by the immediate closure of her account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs Y to accept or reject my decision before 9 October 2024.

Anastasia Serdari  
**Ombudsman**