

The complaint

Mr F complains Prepay Technologies Ltd ("Prepay") made mistakes with a pre-paid card, which affected the enjoyment of a special trip and resulted in him incurring costs.

Whilst Mr F brings this complaint with his wife, it should be noted that under our rules this is only his complaint as the account holder. With this in mind, I will mostly refer to Mr F in my decision.

What happened

A summary of what happened is below.

Mr F was embarking on a trip to celebrate his 20th wedding anniversary in December 2023. Before leaving, he loaded his pre-paid card with money to pay for things. Whilst away, he tried using the card, but it was declined. He put this down to an issue with the vendor and paid for the goods using cash instead. He then realised there was a problem with the card when it was declined again.

Mr F contacted Prepay about this - it asked him to call for assistance. He did so and explained he couldn't access his funds. Prepay said it would investigate and call him back. But no call was made.

Mr F sent an email chasing Prepay, expressing his frustration at the lack of contact and the underlying issue remaining unresolved.

Prepay said it would contact Mr F within 48 hours, however, Mr F didn't think this was satisfactory, so he called again. Prepay told him his card had been deactivated in August 2023, following the account going into a negative balance. Mr F challenged this statement as he'd managed to successfully load funds onto the card. He wanted to know how the matter could be resolved given that he still needed his funds.

Prepay said it could arrange an emergency transfer of \$1,000 which he could collect from a money transfer branch near him. By this point, Mr F had been using his credit card for expenses.

When he collected the funds, the teller said \$1980 Barbadian Dollars were available and not US Dollars. Mr F had asked for the transaction to be in US Dollars, so he considered this compounded matters.

Mr F sent a letter of complaint to the card scheme operator (I'll refer to it as M) on his return to the UK. He set out what had happened and what he'd like Prepay to do to resolve things. He wanted it to:

- Reimburse mobile phone costs that had been incurred in calling it
- Reimburse the shortfall on the money transfer - \$20 Barbadian Dollars (£10)
- Reimburse additional costs on his credit card

Mr F says that despite chasing, he didn't get a response to his letter from Prepay. He spoke with Prepay in February, and it provided an email address for him to send his complaint letter to. In March 2024, he'd asked us to take a look.

Prepay then responded to Mr F, offering him £150 to say sorry for his experience. However, he didn't think this went far enough in reflecting what had happened, particularly the inconvenience and emotional distress he and his wife had suffered. He said a holiday of a lifetime had been sullied.

Prepay responded to us. It acknowledged Mr F's card should have been re-activated after he'd cleared a negative balance. It said the offer was still available to Mr F, but it didn't think it needed to do more, as whilst the primary card had a problem, there was a second card which Mr F could have been used and it could see he had activated this on his trip.

One of our investigators reviewed the complaint. She found a number of shortcomings in Prepay's service. Such as, the situation should never have arisen given Mr F had cleared the negative balance. And she couldn't see it had told Mr F about the availability of the second card when he'd called. She recommended Prepay pay Mr F £95.33 for the cost of phone calls, credit card charges and the loss on the currency exchange. But considered £150 for the distress and inconvenience fair.

Mr F acknowledged the recommendation on costs but didn't think the other aspect went far enough in recognising the impact of Prepay's actions on the enjoyment of the trip and his wife's health.

Prepay didn't accept the investigator's view either. It asked for supporting information on the costs to review these. Our investigator provided them, and the case was put forward for a 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 line with this service's role as a quick and informal resolution service, I'll be focusing on the crux of Mr F's complaint in deciding what's fair and reasonable here. I've set out my findings below.

- Prepay contend it shouldn't have to reimburse the costs Mr F has claimed for because he had second card he could have used instead. I can see why it's made this point, but it hasn't presented any evidence to show that this was made sufficiently clear. And I've no reason to think, he wouldn't have tried that card had he been told he could, given he was trying to use the primary card and contacted Prepay several times to get access to his funds. I note Prepay says he activated the second card whilst on the trip, but I don't think that's enough to show he knew he could use that instead. Ultimately, Prepay was the expert here and so it should have been clearer when Mr F called. Thus, minimising the impact. That said, I think Prepay has acknowledged there were some service failings, as that's why it has offered some compensation. I'll say more about this below.
- Prepay asked for supporting documentation of telephone costs (as it wanted to review these) and our investigator sent them. It hasn't responded to say what it thinks about them, but I can see it's had ample opportunity to. I'm satisfied these and the other charges are reasonably linked to the issue that arose with the card and the customer service that was then provided. So, I will be directing it to reimburse them.

- I now turn to the matter of what level of compensation covers the distress and inconvenience caused. However, much like the investigator I've come to the conclusion that £150 is fair. When assessing this, I've thought about the fact that Mr F spent some of his time contacting Prepay (when it should have reactivated the card) and he had to follow things up further by email and phone with Prepay. I've considered how frustrating and annoying this was.
- It appears the original letter of complaint was sent to M instead of Prepay. This explains why Mr F didn't get a response. However, complaint handling in itself isn't a financial service so it's not an activity we cover. With this in mind, I won't be commenting on this further beyond noting that Mr F was still able to refer his complaint to us for an independent review.
- I recognise Prepay arranged an emergency transfer, which was a reasonable response, but this wasn't without fault when the funds weren't available in the currency Mr F had requested. I also understand this was a special trip for Mr F and his wife. I've no doubt this experience did affect the enjoyment. But, by the same token, I can also see Mr F had his credit card (with available credit). I know that this wasn't his preferred method of use given the cost involved and he'd gone to the trouble of pre-loading his other card, but it wasn't the case that he was without any money at all, and he'll now also being reimbursed for the additional cost of the credit card use. Weighing all of these things and bearing in mind I can only award compensation to the account holder (the party that holds the relevant customer relationship with Prepay) I'm satisfied £150 is fair.

My final decision

My final decision is Prepay Technologies Ltd should pay Mr F £150 compensation and £95.33 to reimburse him for costs (less anything it has paid him already for this complaint).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 18 November 2024.

Sarita Taylor
Ombudsman