

## **The complaint**

Miss Q complains that Prepay Technologies Ltd (Prepay) frustrated her transactions and deducted the money from her account balance. She also complains about rude service.

## **What happened**

Miss Q said she was advised by Prepay that its prepaid card could be used for online deposits, card machines and ATMs, but this turned out not to be the case. She said that whilst abroad she had five transactions declined for no apparent reason and these were left as pending on Prepay's website.

On the phone Miss Q said Prepay told her that if she had proof of receipt it would release the funds but later said that it wouldn't do anything about them. She said Prepay was extremely rude and lacked compassion and by not resolving her problem, left her in limbo.

Miss Q is very disappointed that when she went abroad the card she trusted for her transactions let her down. She said she had to use her overdraft and the cost and worry spoilt her trip. She wants the return of her money which she said was deducted from her balance even though the transactions were declined, and compensation for additional charges and loss of her time on holiday.

Prepay said the funds for the failed transactions had been returned to Miss Q's account balance and charges related to currency conversion. It said there were no pending payments reserved on its side. Prepay said in view of the servicing issues identified it offered £75 as a gesture of goodwill in full and final settlement of the complaint.

Miss Q remained dissatisfied and referred her complaint to our service. She said Prepay caused confusion with where the card could be used and information about the transactions.

Our investigator recommended that the complaint be upheld. She said there was no evidence of financial loss but there were issues with Prepay's app and system which caused Miss Q distress and inconvenience for which it should pay her £250 compensation.

Miss Q agreed but Prepay disagreed with the investigator and requested an ombudsman review the complaint. Prepay's terms and conditions set out that limitations in the use of the card may occur state that Prepay won't be responsible for any loss from a retailer refusing to accept the card or the way a retailer processes the transaction.

## **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 was sorry to learn that what should have been a straightforward process of using a prepaid card abroad has turned into a frustrating and distressing experience for Miss Q. Part of my role is to determine whether what took place was reasonable and whether Prepay followed the process correctly.

In assessing whether Prepay acted fairly, I've taken into account the relevant rules and guidelines along with good industry practice. There are general principles that say a financial organisation should conduct its business with due skill, care and diligence and pay regard to the interests of its customers.

Miss Q made four separate deposits to her Prepay card. Having reviewed the account statements, I agree with the investigator that almost all of these funds were spent via successful transactions, leaving a balance of under £40. As a consequence, there is no evidence of a financial loss to Miss Q through her use of the Prepay card.

Miss Q states that five transactions were shown as pending and deducted from her available balance even though each was declined. I've seen the screenshots Miss Q provided of the pending transactions and declined receipts from the merchants. Prepay has shown us that no authorisation codes were issued for these transactions which means the funds were never debited from her account. Prepay's terms and conditions make no guarantees that the card will be accepted everywhere.

However, the screenshots show that funds were reserved from Miss Q's balance while the transactions were disputed. When Miss Q called Prepay in confusion about the information available to her, Prepay's call handler could only see two pending transactions as opposed to those that Miss Q had reason to question.

Prepay told Miss Q that declined transactions will show as pending until the merchant confirms the decline and the date this would be resolved. But Miss Q's pending transactions didn't adjust the balance as expected and it's understandable that she was left confused. And there was a difference in dates of transactions from the statements and the mobile app.

Prepay was unsure about the cause of the anomaly between the pending transactions. It noted Miss Q's concerns about how the transactions were displayed, but said the statements show that the transactions were never debited.

Prepay said the screenshots Miss Q sent it for the declined transactions from the app match the declined dates on its transaction history. As to variations in dates between this and Miss Q's statements Prepay said it cannot be held responsible and maintained that the issues Miss Q experienced were outside of its direct control.

I have also seen there were anomalies in the dates Prepay records for Miss Q's deposits. When Miss Q opened her Prepay card, she purchased £400 of foreign currency as confirmed in her Prepay statement. However, the date of this and Miss Q's following deposit are shown on Prepay's app a day later than that shown in her statement.

From the call recordings I don't think the call handlers acted inappropriately and certainly weren't rude to Miss Q and did what they could to help. Understandably, Miss Q was deeply unhappy with their response as she was due to leave the country she was staying in and needed urgent access to her funds. In response I think Prepay's call handler could have taken more time to identify the exact transactions that were declined and the applicable dates.

I don't believe Miss Q has incurred a financial loss as all of the funds can be accounted for, and the Prepay statements evidence this. But it is clear from Miss Q's emails and calls that this matter caused her and her family huge distress and inconvenience confusion, upset and stress during her family holiday.

I disagree with Prepay that it bears no responsibility for the disparity in dates for the transactions or that it is unable to comment as to why the mobile app shows that the monies were loaded on the card on a different date. Had the app displayed the correct transaction dates and not had issues with the pending transactions; funds being held and then not being visible on Prepay's system, the confusion could have been avoided.

### **Putting things right**

Prepay has previously acknowledged 'servicing issues' and upheld this part of Miss Q's complaint. I think Prepaid is responsible for this poor service and should compensate Miss Q for the obvious distress and inconvenience she has suffered. I agree with the investigator

that compensation of £250 fairly reflects the impact on Miss Q. This sum includes the £75 Prepay has already offered Miss Q.

### **My final decision**

For the reasons I have given it is my final decision that the complaint is upheld. I require Prepay Technologies Ltd to pay Miss Q £250 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 20 February 2025.

Andrew Fraser  
**Ombudsman**