

The complaint

Miss H complains about the service she received when purchasing a prepaid cash card from Prepay Technologies Ltd ("Prepay"). In particular, she is unhappy that the card she purchased wouldn't work leaving her without access to any money whilst she was abroad.

What happened

Miss H was going abroad and wanted to purchase 100 euros for the trip. On 13 September 2024 Miss H visited a currency counter at the airport which suggested she take a prepaid currency card rather than carry cash. Miss H says this wasn't something that she wanted to do but purchased the prepaid card as she felt forced into taking the currency this way.

Prepay says the evidence from the currency counter shows Miss H was there for less than 10 minutes and that she was provided with the full terms and conditions of the card in a sealed wallet containing the card which contained information needed to contact Prepay about the card if needed. The packaging Miss H has provided confirms she was provided also with this information.

On 14 September following Miss H arriving at her destination abroad she found she was unable to use the card at an ATM when she attempted to withdraw cash from the card or use it in a shop. Prepay have explained that for regulatory and security reasons a temporary block was applied to the card in-line with its terms and conditions and that Miss H needed to contact it to have the block removed. Miss H contacted her sister with the 30 minutes of free data she had available at the hotel and asked her to call Prepay on her behalf as she had no data on her phone and no other funds available.

Prepay explained to Miss H's sister that it would need to speak to her directly and in return her sister explained it would have to be done by email as Miss H didn't have access to her phone to make any outbound calls or receive inbound calls.

Prepay attempted to contact Miss H by phone on the number it had for her and that she provided to this service but was unsuccessful and the call went to voicemail. So Prepay emailed Miss H on the email address provided on 14 September 2024 asking Miss H contact it by email or provide an alternative number for it to call her on as well as providing a link to a list of freephone numbers.

Although the email address Prepay used was correct Miss H denies she ever received this. Miss H returned to the UK on 15 September and contacted Prepay the following day and complained that that she had no access to funds for her entire trip and requested a refund of the prepaid card and her account shut down.

Prepay agreed the service Miss H had received fell short of what it expected and arranged and requested for the return of the funds held on her prepaid card on 19 September. As Miss H paid cash for the card there was no way to refund Miss H directly from the shop that issued the card and so the shop emailed Miss H on 30 September asking her to contact it to arrange the refund. Once Miss H responded to this she was refunded the money on 30

October. Prepay also offered Miss H £100 compensation for the distress and inconvenience caused.

Miss H was dissatisfied with this and so brought her complaint to this service. Miss H says it was the first time she'd travelled alone and was left unable to eat whilst away from the hotel breakfast as she had no access to any other funds to buy food and couldn't leave the hotel as she had no money and that her trip was ruined because of this. Miss H is also concerned that the prepaid card will show on her credit file.

Miss H requested a DSAR from Prepay which has been completed but Miss H needs to contact it to get the password to access the documents requested. Prepay says despite making numerous efforts to contact Miss H about this it has been unsuccessful in this regard.

One of our investigators looked into Miss H's concerns and thought that there wasn't enough evidence to conclude that Miss H had been forced into buying the prepaid card and in-line with regulatory obligations and Prepay's terms and conditions Prepay was allowed to apply a temporary block to the prepaid card while it carried out necessary checks.

They reached the conclusion that although Miss H had been undoubtedly distressed and inconvenienced by the situation she was in she could've done more to mitigate her situation and tried harder to contact Prepay. Furthermore, they didn't think it would be fair to penalise Prepay for Miss H not having a contingency plan in the event of an emergency or something going wrong and so thought the return of the funds held on the card and the £100 offer of compensation was a fair way to settle the complaint and in-line with our approach to awards in Miss H's circumstances.

They also confirmed that Miss H's prepaid card wouldn't have an impact on her credit file as usage of them aren't reported to credit reference agencies and that Miss H's prepaid card will be closed as soon as the complaint is resolved.

Miss H remains dissatisfied as she doesn't think the compensation is enough and has asked for an ombudsman's 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.

I hope that Miss H won't take it as a discourtesy that I've condensed her complaint in the way that I have. I've concentrated on what I consider to be the crux of the complaint and the issues I believe to remain outstanding. Our rules allow me to do that. And the crux of Miss H's complaint is that she was unable to access the funds on her prepaid card while abroad leaving her without money and ruining her trip.

My role is to look at the problems Miss H has experienced and see if the Prepay has done anything wrong or treated her unfairly. If it has, I would seek – if possible - to put Miss H back in the position she would've been in if the mistakes hadn't happened. And I may award compensation that I think is fair and reasonable.

In this case I'm in agreement with our investigator that there simply isn't enough evidence to make a finding that Miss H purchased the prepaid card unwillingly and wasn't given the important information she needed to use the card. Indeed, the photo's Miss H have provided show that she was given a package that contained the necessary information. However, it is not disputed that Miss H did have trouble using her prepaid card abroad and that a

temporary block was applied resulting in her not being able to access the 100 euro held on her card.

It might help if I explain I don't have the power to tell Prepay how it needs to run its business and I can't make it change its systems or processes – such as how customers can use its prepaid cards or when funds are released or held for fraud prevention. These are commercial decisions and not something for me to get involved with. Nor can I say what procedures Prepay need to have in place to meet its regulatory obligations.

From what I understand in Miss H's case a temporary block was applied due to regulatory obligations Prepay needed to adhere to and is a security measure allowed for under its terms and conditions as provided to Miss H when she purchased the card. And so that being the case I can't say that Prepay did anything wrong in applying the block when it did.

But Prepay have agreed that its service fell short of what it expected and so as well as arranging Miss H a return of the funds held on her card it has offered her £100 compensation for the distress and inconvenience this matter caused her. So the question I have to ask is whether this is fair compensation for the harm Miss H suffered?

Unfortunately, when Miss H's prepaid card didn't work Miss H says she had no other means to support herself and no data on her phone and so contacted her sister by using the 30 minutes free data she had available to her and asked she contact Prepay on her behalf which she did. But I think understandably, Prepay needed to be in contact with Miss H directly so following this exchange Prepay attempted to contact Miss H on her mobile but as this was unsuccessful going to voicemail, it emailed her giving a number of options – including free ones - that they could get in touch. Had Miss H used one of these options I think the matter could've have been sorted and the restrictions likely lifted without any unnecessary further delay.

I appreciate Miss H says she didn't receive this email, but Prepay's records show it was sent to the correct address and in any case I can't see what more Prepay could've done to get in touch as it had tried every reasonable avenue available to it. Yet I note besides contacting her sister initially, Miss H doesn't appear to have been proactive about contacting Prepay and trying to resolve the situation. I think it is reasonable for one to expect they have to take some responsibility for mitigating their situation, but I've seen no evidence of Miss H doing this. Indeed, it wasn't until she returned she got in contact with Prepay.

Given the circumstances and the distressing situation Miss H found herself in – and having listened to her call with Prepay I've no doubt about how upset she was - but I'm again in agreement with our investigator that I don't think it would be unreasonable to expect her to seek help and support from the hotel she was staying at to provide her with a way of getting in touch with Prepay whether that was by Wi-Fi or phone or otherwise. And as Miss H says it was her first trip abroad alone, it is inconceivable to me that she had no contingency plan or access to alternative funds from a bank account or other means should something go wrong. And if this was the case, I don't think it would be fair to punish Prepay for this.

Prepay has recognised that Miss H was both distressed and inconvenienced and offered Miss H £100 compensation for this. Miss H declined to accept this as she says she wasn't able to eat outside the hotel or leave it to do anything and her trip was ruined. But as the trip was over a relatively short period – 2 days – and Miss H doesn't appear to have tried to mitigate the situation, I'm not persuaded her trip being ruined was entirely down to the service received by Prepay or that any uplift on the compensation on offer is warranted.

So it follows that I think the £100 compensation offered by Prepay in recognition of the distress and inconvenience Miss H suffered is fair and I'm not going to ask it do anything more.

If Miss H now wishes to accept this offer she should provide Prepay for her account details so it can make payment and close down her account.

My final decision

For the reasons I've explained I've decided the £100 compensation Prepay Technologies Ltd has offered Miss H is a fair way to settle her complaint and if it hasn't done so already Prepay Technologies Ltd should pay Miss H this now.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 24 February 2025.

Caroline Davies
Ombudsman