

## The complaint

Mr B complains that Prepay Technologies Limited (Prepay) provided a prepaid card for use abroad, but he couldn't access the funds as the travel company entered the wrong date of birth. He said this caused stress and affected his and his wife's enjoyment of their holiday.

## What happened

In June 2024 Mr B purchased Euros at a travel agency and agreed to take out a Multi-Currency card holding UK Sterling for use when needed. He said the travel agent held an incorrect date of birth which he corrected via his driving licence. Mr B assumed this was then amended on the travel agent's system.

While abroad Mr B tried to use the card to meet expenses, but to no avail. He said emails and phone calls followed and the travel agent passed it to the card issuer, who asked if he would accept an apology and £75 compensation. Mr B said this wasn't enough for the loss of choices on holiday, or the amount of toing and froing subsequently.

Prepay responded to Mr B's complaint to say it had identified a number of opportunities for service enhancements that should have been offered to Mr B when his card didn't work, and feedback has been provided internally. Prepay offered Mr B £100 as a gesture of goodwill.

Mr B was unhappy with this and referred his complaint to our service. Our investigator recommended it be upheld and that Prepay pay Mr B £250 compensation to recognise his inconvenience and the impact on his trip. He said Mr B raised the incorrect date of birth before his trip and had it been corrected it would have removed the problems.

The investigator said when Mr B called Prepay for assistance it didn't say there was no error with the card and trying an ATM may be successful. And it didn't tell him its representatives could arrange an emergency cash transfer. He said the impact of having reduced access to funds for half of his trip was significant as he had to change his plans and, had Prepay could have greatly reduced the distress and inconvenience by providing a good customer service.

Prepay disagreed with the investigator and requested an ombudsman review the complaint. It said Mr B wrote that the card was not his primary source of funding during the trip; *'I accepted as I already had my euros and thought it would be convenient to have more euros ... should I overspend on the last days of my trip.'* Prepay added that Mr B first contacted it on 10 July and said he was returning on 13 July 2024.

Prepay said there were no declined transactions, and it couldn't see why this had happened. It said details of the card's use should have been recorded and its emergency cash option should have been offered to Mr B. It said Mr B's funds were returned in four days. Prepay said it isn't responsible for the travel agent's error, and this had been addressed. It said £250 compensation is not fair and reasonable and is *'inconsistent with its Consumer Duty values'*.

The investigator said that regardless of whether the card was Mr B's primary source of funding, he put funds onto it in the belief that he would be able to spend for the last three

days of his trip. He said Prepay's systems not showing declined transactions isn't a factor as it was the subsequent failings in customer care that led to his upholding the complaint.

The investigator thought Mr B's request to cashout his card was because other options weren't put forward. He said the travel agency said that all complaints relating to the card, and its administration would be addressed by Prepay. And Prepay had failed to tell Mr B his funds could still have been available source, causing distress and inconvenience.

### **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 has turned into a frustrating and stressful experience for Mr B. I was also sorry to learn that he was off work for a year with severe stress and had to use strong medication. I'm sure the situation he has described with his card hasn't helped. I'm pleased Mr B's money was returned, albeit after his holiday.

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 firm should conduct its business with due skill, care and diligence and pay regard to the interests of its customers.

Prepay said Mr B's account history doesn't show any declined transactions to indicate why the card was not accepted and the transactions didn't come within its control. It said this means it cannot be held liable for any losses arising from this experience and this is supported by other decisions we have made.

I can see that Mr B was left in the position where he couldn't access his funds from Prepay's card while he was abroad. He said it was obvious the travel agent was to blame, and he said Prepay agreed it was the system information that caused the non-payments. Mr B's card is managed by Prepay and it has responsibility for the actions and errors of its contractual partners and so must take responsibility for these in respect of the card's failure.

It would appear the transactions were declined directly by the merchant or ATM acquirer at the initial stage and were not sent to Prepay's processor. I haven't seen any financial losses to Mr B, so I accept Prepay's disclaimer. But Prepay has acknowledged poor service and that is what I am addressing in my decision.

Prepay has explained that when a cardholder experiences difficulties in accessing their funds, it can arrange an emergency cash transfer. However it said regrettably, this was not offered to Mr B. Prepay described its service as 'less than satisfactory' and offered Mr B sincere apologies.

It's clear from what Mr B has said that his holiday after a long period of ill health, was very important to him and his wife. It is also clear that the lack of access to funds from Mr B's Prepay card limited his spending opportunities and caused him inconvenience and stress, this in turn reduced his enjoyment of his holiday. He was caused further inconvenience by the need for contact after his trip to raise the issues and ensure his funds were returned.

It's not clear to me why £250 compensation is inconsistent with Prepay's 'Consumer Duty values'. Presumably these accord with the principles of the Financial Conduct Authority's Consumer Duty which require it to communicate effectively with customers providing appropriate information so they can make effective, timely and properly informed decisions.

Information must be provided before a product is bought and at suitable points throughout the lifecycle of the product. Firms must also act in good faith towards customers; avoid causing foreseeable harm and enable and support customers to pursue their financial objectives.

Mr B's financial objective in obtaining Prepay's card was to have access to additional funds whilst abroad. That objective was frustrated by the error in setting up his details for the account and by the lack of an alternative means of accessing funds. Prepay must bear responsibility for these failings and I think the £250 compensation recommended by the investigator represents a fair and reasonable reflection of the distress and inconvenience Mr B has been caused.

Our guidelines describe this sum as fair where the business's actions could have resulted in some acute stress lasting hours at the lower end – or have had a milder impact across a few days, or even weeks.

### **My final decision**

For the reasons I have given it is my final decision that the complaint is upheld. I require Prepay Technologies Limited to pay Mr B £250 compensation for the distress and inconvenience its poor service has caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 13 May 2025.

Andrew Fraser  
**Ombudsman**