DRN-5777302

The complaint

Mr B complains First Rate Exchange Services Ltd blocked access to his funds on a travel money card and is unhappy it has failed to release the remaining balance to him.

What happened

On 17 April 2025 Mr B's card was restricted, he was contacted the following day by First Rate Exchange Services to discuss the block as it had concerns Mr B was using the account outside of the terms and conditions.

Following the conversation with Mr B it carried out further checks and says Mr B held six different cards with it – but the terms only allowed for three. It also says Mr B held a negative balance on some of the cards and so placed a block on his account until the negative balance was cleared.

Mr B says the negative balance was on a card which had been reported lost and felt the funds must have been taken fraudulently, so he complained. First Rate Exchange Services acknowledged his complaint but didn't provide him a final response. As Mr B remained unhappy he escalated the complaint to our service.

Our investigator looked into things and asked First Rate Exchange Services for further information, but nothing was provided. So with the limited information they upheld the complaint because there wasn't sufficient evidence to show First Rate Exchange Services had fairly blocked and then withheld Mr B's funds.

Mr B accepted the investigators opinion but First Rate Exchange Services didn't respond. So the complaint has been passed to me to make a final 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.

Having done so, I've reached the same overall conclusions as the investigator for largely the same reasons. I'll explain why.

Businesses generally can block or withhold funds if they feel there may be a breach of the terms and conditions.

Generally they can block an account in line with its terms and conditions when they have a genuine reason. This allows it time to investigate the concerns and hopefully remedy the situation once it's spoken to the customer and carried out their investigations.

First Rate Exchange Services told Mr B about the block during a conversation on 22 April 2025. However First Rate Exchange Services has refused to release the remaining funds on the account – it has suggested a negative balance is the reason for the block, but Mr B has told it this may have been due to a fraudulent transaction following him reporting the card lost.

First Rate Exchange Services haven't responded to provide us any information with regards to Mr B's comments about the negative balance. We asked First Rate Exchange Services for more information regarding the block and the outstanding funds. But it hasn't responded to our requests. Without providing what we need, it's not possible to say its decision to withhold the funds was in line with its terms and I'm not satisfied it's fair or reasonable to withhold Mr B's funds without this information.

First Rate Exchange Services has refused to provide their reasons in sufficient enough detail or supporting information to our service despite being asked to do so several times. And, where a party fails to provide information, I can account for their refusal when reaching my decision. This is an evidential power afforded to me under DISP 3.5.9R (3). I've exercised this power in reaching my decision.

Based on the limited information I've been provided; I cannot reasonably conclude First Rate Exchange Services withheld Mr B's funds fairly – so I find that it didn't.

Mr B said he was caused a lot of stress and worry when his account was blocked, and funds withheld and he spent a long time trying to resolve the issue. So, without evidence to show First Rate Exchange Services acted fairly, I'm left to conclude the upset and inconvenience caused to him was avoidable. So, I find he should be compensated.

Putting things right

I require First Rate Exchange Services to:

- release the remaining funds it holds on Mr B's account to him,
- pay 8% simple interest from 17 April 2025 until the date the funds are released to him, and
- pay Mr B £100 for the distress and inconvenience caused

I don't require First Rate Exchange Services to unblock his account. While it hasn't provided sufficient reasoning and information to our service, it's possible its decision to block his account was valid. So, in this context, making them unblock it wouldn't be appropriate.

My final decision

For the reasons mentioned above I uphold Mr B's complaint about First Rate Exchange Services Ltd and it should put things right as I've recommended above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 6 October 2025.

Jag Dhuphar
Ombudsman