

The complaint

Mr S complains First Rate Exchange Services Ltd won't refund an Automated Teller Machine ("ATM") withdrawal which debited his account even though he says he didn't receive the cash.

What happened

Mr S made a cash withdrawal on 24 May 2025. He said the cash was not dispensed but First Rate Exchange Services still debited his account. So, he complained.

First Rate Exchange Services responded to say it raised a chargeback for the dispute, and this was successfully defended by the ATM owner, so it wouldn't be refunding the disputed cash withdrawal. As Mr S remained unhappy, he referred the complaint to our service.

An Investigator considered the circumstances. He said, in summary, he didn't think First Rate Exchange Services had unfairly refused to refund the cash withdrawal, but he did agree that Mr S had received incorrect information and poor service. He recommended First Rate Exchange Services pay Mr S £150 in recognition of this.

Mr S accepted our Investigator's findings, but First Rate Exchange Services did not. It said it wanted the complaint reviewed by an Ombudsman, so the case has been passed to me to decide.

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.

The Payment Services Regulations 2017, section 75 says:

(1) Where a payment service user—

(a) denies having authorised an executed payment transaction; or

(b) claims that a payment transaction has not been correctly executed,

it is for the payment service provider to prove that the payment transaction was authenticated, accurately recorded, entered in the payment service provider's accounts and not affected by a technical breakdown or some other deficiency in the service provided by the payment service provider.

So, in the circumstances of Mr S' complaint, it's for First Rate Exchange Services to show the cash withdrawal was completed correctly.

Mr S made his withdrawal on 24 May 2025. There appears to be no dispute that Mr S' withdrawal was authenticated.

First Rate Exchange Services has provided the electronic records from the ATM in question, showing Mr S' transaction taking place. This shows Mr S' cash was dispensed correctly. This evidence also shows another customer's withdrawal taking place after Mr S', with no issues. If the cash had not been dispensed correctly, I would expect a corresponding discrepancy in this record, and there isn't one.

Overall, I don't find First Rate Exchange Services need to refund Mr S' cash withdrawal in these circumstances.

Our Investigator found that Mr S did not receive a clear explanation of the dispute process and associated timescales. He also found Mr S was given a misleading indication that because the merchant hadn't responded his dispute was likely to be upheld and experienced several delays - resulting in Mr S having to make more frequent contact with First Rate Exchange Services than was necessary. Having considered all the available information, while not all the delays were First Rate Exchange Services' fault, I agree that the overall service Mr S received was poor.

This poor service caused Mr S frustration and stress, as well as causing him to have to chase things up unnecessarily. Our Investigator recommended £150 was paid in recognition of this. First Rate Exchange Services disagreed but it didn't provide any further evidence or comments to explain why. So having considered everything again, I find £150 is fair and reasonable to reflect the distress and inconvenience caused in the circumstances.

My final decision

For the reasons I've explained, I uphold this complaint.

To put things right, I require First Rate Exchange Services Ltd to pay Mr S £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 14 January 2026.

Eleanor Rippengale
Ombudsman