

The complaint

Miss B complains that having purchased a Post Office Travel Card issued by First Rate Exchange Services Ltd, and putting money onto it, it was then blocked and she was unable to use the money on holiday.

What happened

In June 2025, when purchasing euros in the Post Office, Miss B was persuaded that it would be safer to travel with the money loaded onto a travel card. The card came loaded with £25. The next day she loaded all her holiday money onto the card. She was subsequently advised that her mobile payment service was suspended and was told to contact First Rate.

When Miss B did this, she was told that her card had been blocked until she could provide bank statements showing the transactions. She was also asked to provide a utility bill and a copy of her passport, which she sent. However, she had only just loaded the card with her money and the bank statement was not yet available. She wasn't able to contact First Rate until the following Monday after she had flown out to her holiday destination. She said she could provide a list of the transactions, but First Rate insisted that it needed to see a bank statement.

First Rate agreed to remove the block as a goodwill gesture, but this wasn't until the Friday, the last night of her holiday. She was asked to do a transaction using a local cash machine and then the block was removed but she wasn't notified of this. First Rate put the block back on when she returned home, as it still required the necessary bank statement. Miss B has told us that as she had put all her holiday money on the card, she was very limited as to what she could do on holiday.

First Rate said that the card was blocked pending necessary ID checks and that this was a regulatory requirement. It couldn't explain why the Post Office didn't advise of this possibility. It also agreed that it should have notified her that the block had been removed temporarily. It offered £15 compensation but explained that the block could not be removed until she provided the necessary bank statement.

On referral to the Financial Ombudsman Service, given that First Rate declined to communicate with us about the complaint, our Investigator thought it should be upheld and that First Rate should pay £150 compensation.

Apart from saying it disagreed with our Investigators view, First Rate has not provided any subsequent answer to the complaint.

The matter has been passed to me for an Ombudsman's consideration.

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.

First of all, First Rate is entitled under the terms and conditions of the card to carry out ID checks. But as it is the issuer of Post Office cards, I take the view that the counter clerks at the Post Office acted as First Rate's agents in selling the card. In that event I don't think that sufficient prominence was given to the possibility of the card being blocked for regulatory checks.

First Rate has not told us of the reason it decided to carry out the check in Miss B's circumstances. But I would think it would be unusual, and it can't block the account without good reason. Given its failure to communicate with us about this, I can't find that the check in Miss B's case was reasonable.

I believe customers at the Post Office are usually told about the travel card when they want to exchange money for travel abroad. Miss B was told that she could add money to the card after 24 hours and she duly did so. In those circumstances it would be reasonable to assume that she needed the money imminently.

Given that Miss B had already provided sufficient identity documents, I consider that the requirement to provide a bank statement which wouldn't be available immediately to be onerous and unfair. She hadn't put any large amounts on the card, just enough for holiday spending money. And while I appreciate that as a gesture of goodwill First Rate removed the block on the card, it didn't do so for five days, on the last day of Miss B's holiday.

I understand that as her money wasn't available to her Miss B had to curtail her holiday activities as she only had a small amount of cash.

Our Investigator warned First Rate that if it didn't provide information requested, we will consider the complaint based on the information we already have, as our rules allow us to do. I'm satisfied that it had several opportunities to do so.

In the circumstances I think that the proposed compensation award, of £150 is fair and reasonable.

Putting things right

First Rate should pay compensation of £150.

My final decision

I uphold the complaint and require First Rate Exchange Services Ltd to provide the remedy set out under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 31 December 2025.

Ray Lawley
Ombudsman