

The complaint

Ms R complains she paid money to Prepaid Financial Services Ltd, and she hasn't received the money back.

What happened

Ms R says she paid money to Prepaid as part of a service offer. This offer was from another company, ASAP, and Prepaid. Ms R hasn't received any of the money back.

Ms R is represented by Mr P, a solicitor, and has sent Prepaid and this service proof of the payments and says the money was held as electronic money by Prepaid. Since the money was held as electronic money, it should have been ringfenced.

Prepaid responded to Ms R's complaint and said the money Ms R sent wasn't held as electronic money, and couldn't have been because Ms R didn't have a card prior to some of the payments.

Instead, Prepaid said the money was paid into one of ASAP's client accounts, which was held by Prepaid, but not in the capacity of electronic money.

Since there was no agreement between Ms R and Prepaid, her complaint was passed to me to decide. Since no initial assessment had been reached by this service, I issued a provisional decision to lay out my thoughts.

My provisional decision

There's no dispute Ms R sent a considerable amount of money to ASAP.

And there's no dispute some of these payments went to Prepaid.

But I don't think this is enough to say Prepaid owes this money to Ms R. Prepaid is regulated to provide electronic money, and there was an agreement in place for Prepaid to provide this on behalf of ASAP.

But I don't think Ms R was paying money to an electronic money account or wallet. I think it's more likely Ms R was paying the money to ASAP for it to invest on her behalf.

ASAP online PSN Ltd appears to be the entity contracting with Prepaid, it seems ASAP online PSN Ltd had an account, for its own use, with Prepaid. ASAP online PSN Ltd also had an agreement to issue prepaid cards.

Ms R has sent this service a copy of her card, ending 5751, provided by Prepaid. This card is valid from December 2015. But Ms R had sent ASAP online PSN Ltd €35,000 in November 2015, before the card was created.

I think this means Ms R was paying ASAP online PSN Ltd direct to its account at Prepaid, and not paying towards an electronic money account in her name, I don't think any prepaid

account in her name had been set up when she first sent the money.

I can see Ms R sent further money after December 2015, including to Prepaid's account at another bank, but I still don't think this was being paid as a top up of electronic money.

Instead, I think Ms R was paying money to ASAP in its capacity as a stand alone business. From Ms R's submissions it's clear ASAP was representing itself as a company with all kinds of opportunities for investors.

I think it's more likely Ms R was sending ASAP money to invest, either in ASAP itself or in opportunities ASAP was promoting.

I don't think I can hold Prepaid responsible for what happened to this money.

Ms R has said the money she sent ASAP was to get a return of 0.5-1% per month on the money available to ASAP. Ms R says any money credited to Prepaid was only allowed to be used for electronic transactions, so electronic money.

But I can't see any differentiation in the payments Ms R made, and I can't see how Ms R thought these payments would be handled differently.

I accept it's likely ASAP misrepresented things to Ms R, and no doubt told her the money was safe or ringfenced, but it's clear Ms R was the victim of a scam.

Prepaid was being used as ASAP's principal for electronic money, but I don't think Prepaid was doing anything around the investments on behalf of ASAP.

And any investments ASAP was doing sat outside of Prepaid by Ms R's own admission.

I don't think it's possible for me to decide whether the money Ms R sent was or wasn't to be used by ASAP for its investments, generating a return for Ms R. So I don't think it's possible for me to determine some of the payments Ms R made were for electronic money.

I've seen an application for an ASAP VIP online account, and this has Prepaid's details on it. But this agreement seems to be part of Ms R's prepaid card agreement, I don't think this is anything to do with Ms R's investment arrangements with ASAP.

Ms R also says she sent somewhere in excess of €200,000 to ASAP World. But I think ASAP World is another entity to ASAP online PSN Ltd. It seems ASAP had several trading styles, and I accept this is likely because ASAP as a whole wasn't a legitimate business.

Ms R sent just over €70,000 to ASAP online PSN Ltd. But I can also see she transferred almost €80,000 from ASAP online PSN Ltd to ASAP Holding Spa., an Italian entity of ASAP.

I can't see a regulated agreement between ASAP Holding Spa. and Prepaid. And I wouldn't necessarily expect to see one, Prepaid is supplying electronic money within the UK, it would normally have a European business deal with an Italian entity.

And it seems this is right, Prepaid had a Republic of Ireland based company which Ms R references, I think it's more likely any money going to ASAP Holding Spa. might be dealt with by this Irish entity.

And I don't have the jurisdiction to consider a complaint against that business.

It seems money was being moved around often between various ASAP entities, with only one of these – ASAP online PSN Ltd – being an agent of Prepaid.

I think it's likely ASAP was telling Ms R to move the money around so ASAP still had access to it. It seems ASAP online PSN Ltd and Prepaid parted ways in June 2016. And it seems Ms R was sent a follow up card, from another electronic money provider.

Mr P has sent in several court documents about action taken by other people, forensic accounting documents to show links between ASAP, various other banks and Prepaid, and I don't doubt Mr P has spent some considerable time collating this.

But, regardless of the links Ms R and Mr P feel exist, I can't see Ms R's transfers to Prepaid were for topping up an electronic money wallet, I think they were simply payments to an ASAP account which happened to be held by Prepaid.

Looking at what Prepaid did, it seems it loaded €580 to an electronic money wallet in Ms R's name. Some monthly fees were taken and, after six years of no movement, the amount was moved to a holding account within Prepaid.

The balance left is €539 and I'm satisfied this amount was held as electronic money by Prepaid. And because of this, I'm satisfied it's owed to Ms R.

Ms R sent a lot of money to different entities under the ASAP brand. It seems this was for an investment in ASAP itself, with a return being generated from these investments.

Electronic money accounts don't generate interest and nor is the money used to invest in other things, it's ringfenced for the use of the consumer.

I don't think Ms R was loading money to an electronic money account or wallet. I think Ms R was investing in, or with, ASAP. Clearly these investments were either poor choices or never existed, but I don't think I can hold Prepaid responsible for this.

I think it's likely Ms R has been the victim of a scam, she sent money to a company for an investment which never materialised. This service can consider some complaints from payers of money about the banks receiving those payments.

But these rules, DISP 2.7.6R (2B) only came in from 2019, and they aren't retrospective.

So this means I can't look at the actions of Prepaid in accepting money from Ms R into accounts it had opened for ASAP to use.

Prepaid has said Ms R brought her complaint too late, as it's over six years from the date of the event. But I don't feel Prepaid was carrying out a regulated activity when accepting money from Ms R or when Ms R paid ASAP.

But I think if I could look at the payments Ms R made it would be likely I'd conclude Ms R's complaint would be timed out, or I'd need to consider whether a court is a better place for things to be resolved.

I can only consider a complaint from Ms R about her relationship with Prepaid as an electronic money provider. And having done this, I'm satisfied Prepaid held some electronic money for Ms R, but it was only the initial €580, reduced to €539.

The €539 was moved to a holding account in 2019, and Ms R first brought her complaint to this service in 2022, so I think this €539 is within this service's time limits to consider a

complaint about.

I realise this amount is tiny in comparison to the amount of money Ms R sent ASAP, but it's fair any money held as electronic money by Prepaid is returned to Ms R.

I'm also aware of a previous decision for other investors in ASAP, but this service's decisions don't create a precedent. I've thought carefully about the other decision, but I don't believe Ms R made her payments to ASAP to be held as electronic money.

Responses to my provisional decision

Prepaid agreed to pay Ms R €539 and has further agreed to this as a gesture of goodwill, whether Ms R accepts my final decision or not.

Prepaid also said it didn't agree with a couple of select parts of my provisional decision, where I described ASAP as being an agent of Prepaid, and Prepaid being the principal.

Prepaid said it didn't agree with a sentence where I said ASAP was providing electronic money on behalf of Prepaid. And Prepaid said Ms R sent €35,000 not €70,000.

Mr P, on behalf of Ms R, responded to say he didn't appreciate conjectural statements, like 'I think' and 'it seems likely'.

Mr P said this service should obtain full bank details for the accounts ASAP used, including balances, records and movements. Mr P thinks it's inconceivable this service hasn't asked where the money went.

Mr P said there were likely fraudulent internal ledger entries and Prepaid needed to supply external payment evidence.

Mr P said this service should get records of any enforcement or freezing action taken by the Financial Conduct Authority (FCA) as this has never been disclosed by Prepaid and wasn't considered by me.

Mr P said audited accounts of Prepaid show millions of pounds held in wallets within Prepaid and this disproves any claim only card balances exist, and this service should be reconciling accounts held at Prepaid's bankers.

Mr P said Prepaid had a custodial role in the money ASAP was sent. Mr P said Prepaid's credibility was under question because of FCA scrutiny, and this service needs to get regulatory and liquidation records of any other group companies.

Mr P thinks Prepaid is holding investor money as capital and wants certified companies house documents to prove this or prove otherwise.

Mr P thinks it's procedurally unfair to not consult the FCA or Prepaid's bankers before a final decision is issued. Mr P thinks I haven't exercised my investigative powers to get verification from Prepaid's bankers, the FCA or auditors.

Mr P feels Prepaid's obligations extend more widely than the simple card balances.

Mr P says there are shared systems and bank accounts between Prepaid and ASAP and raises several points around the movement of money from ASAP.

Mr P wants me to withdraw my provisional decision and reinvestigate things. Mr P wants me to get all the information he mentioned and then put this to Mr P for further comment.

Mr P then replied to say he's become aware of FCA regulatory action against Prepaid and ASAP as well as other companies linked to Prepaid.

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.

Prepaid said it objected to me saying ASAP online PSN Ltd was an agent of Prepaid, and Prepaid its principal.

Looking at the agreement between ASAP and Prepaid, where Prepaid agreed to offer a prepaid solution to ASAP online PSN Ltd, I don't think this agreement is an agency agreement.

It seems this agreement is for ASAP online PSN Ltd to market cards, but I don't think ASAP online PSN Ltd could make the ultimate decision on whether an end user is granted a card, this would be Prepaid's decision.

This means, and among other parts of the agreements, that ASAP online PSN Ltd can't form legal relations on behalf of Prepaid with third parties. And it doesn't seem, from the agreement, that ASAP online PSN Ltd owes any fiduciary duties to Prepaid.

I think this because the agreement, in 4-4.9 says Prepaid can reject an application for any reason, so ASAP online PSN Ltd isn't making the decision on who electronic money might be offered to.

And in 25-2 the agreement says the agreement won't create a partnership or joint venture between the parties and can't bind or oblige the other party.

So, I agree with Prepaid, I don't think ASAP online PSN Ltd was providing electronic money on behalf of Prepaid.

And I don't think there was a legal agent/principal relationship between ASAP online PSN Ltd and Prepaid, it seems ASAP online PSN Ltd was offering an opportunity for people to apply for an electronic money account with Prepaid.

I don't think this opportunity was a joint venture or partnership, I think it was merely ASAP online PSN Ltd inviting people to get a branded card, provided by Prepaid, but ASAP online PSN Ltd wasn't providing the electronic money itself or on behalf of Prepaid.

And looking at the transfers Ms R made, these total €35,000. There were some duplicates of the transfer requests, but looking at information Mr P sent in, Ms R made three €10,000 and one €5,000 transfer at the end of November and beginning of December 2015.

I can decide complaints on the balance of probabilities, what's more likely to have happened than not. This means I'll write statements like 'I think' and 'it seems' because I'm considering what I think is more likely.

I think a lot of what Mr P has asked me to do is better suited to a court or a police investigation. This service isn't a court, the police or a fraud investigation service. My role is to determine an individual complaint against Prepaid.

This means I won't be asking for Prepaid's accounts to be audited, or getting account details and account numbers to find out where Ms R's money was paid away to.

I don't agree Prepaid was acting as custodian of Ms R's money, I think Ms R sent money to ASAP online PSN Ltd directly, to be held in its accounts, not to be held by Prepaid as electronic money.

And I won't be looking at whether Prepaid and ASAP online PSN Ltd shared systems or bank accounts, I think this would be better suited for a formal police or regulatory investigation.

I appreciate why Mr P would like me to carry out a regulatory style investigation, audit accounts, look into Prepaid's finances and track down where Ms R's money went, but I don't think this is something I can do.

What I can do is consider whether Prepaid held Ms R's money in a regulated capacity or whether Ms R sent money to a business, ASAP online PSN Ltd, as an investment in the business itself.

Having done this, I think Ms R sent money to ASAP online PSN Ltd as an investment in the wider business of ASAP itself, and not for the money to be held as electronic money.

I've considered the electronic money regulations, but I think there's significant disagreement from Mr P around how the money Ms R sent to ASAP online PSN Ltd was going to be held.

I don't think the money Ms R sent was to be held as electronic money.

My provisional decision explains why I think this, it seems Ms R had already sent ASAP online PSN Ltd a significant amount of money prior to receiving an ASAP online PSN Ltd branded electronic money card.

I think if the money Ms R sent ASAP online PSN Ltd was to be loaded to the electronic money card, the payments would have been after the card was produced.

And Ms R asked for the limit on her cards to be increased, in May 2016. It seems before this the limits on her cards wouldn't have allowed her to hold €35,000 on any electronic money cards she had, and this persuades me Ms R was sending the money for another reason.

As my provisional decision says, I'm persuaded Prepaid held some of Ms R's money as electronic money. It's possible this small payment was a dividend or other return from ASAP online PSN Ltd, from Ms R's investment in the wider ASAP business.

But I don't think this dividend or return is something Prepaid was responsible for, I don't think Prepaid paid it to Ms R, I think ASAP online PSN Ltd did. And I don't think this small amount was part of the larger payments Ms R sent.

I think this is the only part of Ms R's complaint I can consider, the rest is, I think, a complaint about an investment in ASAP's wider business, and unrelated to Prepaid's regulated activity of the provision of electronic money.

And I think the wider concerns about Prepaid's credibility and whether fraud was committed is for the FCA or the police to investigate.

Fraud is a criminal offence, not something I can look into, so if Mr P thinks fraud's been committed by any of the parties Ms R interacted with, I think this is something Mr P needs to take up with the relevant authorities in the specific countries payments were made to.

And as my provisional decision says, it's very likely even if the payments Ms R made were something I could consider, I'd need to think about whether Ms R brought her complaint to this service within the time limits laid out in DISP.

I don't think anything Mr P has said changes my thinking from my provisional decision. I still think it's fair Prepaid return the €539 it held as electronic money, but I don't think Prepaid needs to do anything else to resolve Ms R's complaint.

I understand Ms R is unlikely to accept my final decision, which would mean Prepaid wouldn't be legally bound to pay out the €539. But Prepaid has said it would pay the €539 without an acceptance of the final decision.

If Ms R would like to be paid the €539 she can let Prepaid know this outside of any acceptance or rejection of my decision.

My final decision

My final decision is I uphold this complaint and Prepaid Financial Services Ltd should pay Ms R €539.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 2 January 2026.

Chris Russ
Ombudsman