

## **The complaint**

Mr G complains about the service he received from Skrill Limited (“Skrill”) after he asked it to transfer some money. He says that Skrill is now pursuing him for a debt which he doesn’t owe and which has arisen because of a failing in Skrill’s transfer process.

## **What happened**

Mr G holds an account with Skrill. It’s an electronic money account which enables Mr G to send and receive payments. In December 2019, he instructed Skrill to transfer funds to a third party, using Skrill’s money transfer service. The funds were uploaded to his Skrill account from his debit card, so that Skrill could transmit them to the recipient. Skrill sent Mr G an email that day saying that the transfer had been sent successfully.

But the next day, Skrill sent him an email saying that the transfer had failed. It said the funds had been returned because the bank details provided by Mr G were incorrect. Skrill refunded the funds to Mr G’s debit card the following day. Mr G says he paid the recipient in cash instead, a few days later.

In 2021, Mr G was contacted by a debt collection agency which I’ll call L. L was acting on behalf of Skrill and was seeking to recover payment from Mr G of an outstanding balance on his account, which it said related to the above transfer.

Skrill says that the transfer was processed successfully in the end and the funds were sent to the recipient. It appears that this happened in May 2021. Skrill says that the problem in December 2019 was due to a technical issue with its processor which was later identified and fixed, meaning that the payment was eventually able to go through. Skrill says that the funds were debited from its account by the payment processor. But Skrill had already refunded Mr G’s card, so it says it has paid the funds out twice. Skrill debited the funds from Mr G’s account, giving it a negative balance. It says that Mr G owes £1,072 which is payable immediately under its terms and conditions.

But Mr G says that the situation has arisen from a failing in Skrill’s system. He doesn’t think he owes the money but says he’s being chased for a debt, causing him a great deal of stress. He says that Skrill didn’t contact him directly about the issue and the first he heard of it was when he was contacted by L.

Skrill says it’s not obliged to contact customers about outstanding debts and that it’s entitled to use debt collection agencies for this purpose. But it says it emailed Mr G in May 2021 to tell him his account had a negative balance.

I issued a provisional decision on 9 November 2022 indicating my intention to uphold this complaint. The parties have both accepted my provisional findings, so I’m now making 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.

The parties accepted my provisional decision and I haven't seen anything since I issued it which has changed my mind about the appropriate outcome here. So I'm going to uphold this complaint and direct Skrill to take the steps proposed in my provisional decision. My reasons are set out below.

In December 2019, Mr G asked Skrill to transfer the funds for him. Skrill attempted to do so but the transfer failed. In line with its Money Transfer terms and conditions, Skrill refunded the amount of the transaction to Mr G. It told him at the time that the reason the transfer failed was because he had provided incorrect account details. That wasn't the case - Skrill later confirmed that the problem had been a technical issue with its processor. But I think it was reasonable for Mr G to act on the information that Skrill gave him at the time, which was that the payment wasn't successful and the funds were returned to him. I think any reasonable person in his position would have thought that was the end of the matter.

I don't think he had any reason to think the transfer might still go through. It doesn't seem that Skrill thought so either, as it returned the funds to Mr G. In the circumstances, I think it was reasonable for Mr G to make other arrangements to pay the recipient.

Nearly 18 months later, Skrill debited Mr G's account. It explained that the transfer had been processed successfully, following the discovery and rectification of the processor error. I don't think any customer in Mr G's position would have expected the transaction to go through after all that time, particularly if (a) they'd been told by Skrill (as Mr G had) that it failed because they'd provided the wrong account details, and (b) they'd had the money back from Skrill. Mr G relied on what Skrill told him at the time and had paid the recipient by another method. If he now pays the funds into his Skrill account, he will have made the payment twice. I don't think that would be fair, especially as the issue here seems to be between Skrill and its payment partner – rather than anything to do with Mr G.

It seems as though the recipient may have been paid twice, so I've asked Mr G about this. He has explained that the recipient is a business overseas, local to where his family lives. He says that the payment was for services provided by the business in 2019. Mr G says that, when he found out in 2021 that the transfer had gone through, his family contacted the business. It denied receiving two payments, so I can't see that Mr G or his family can do any more here.

I understand that the technical issue which caused the problem here arose with the payment processor, not Skrill. Skrill says it was entitled to use a payment partner to complete the transfer and that its own obligations were complete once it had credited the funds to the payment partner for onward transmission. It relies on clause 4.5 of its terms and conditions. Mr G agreed to be bound by the terms when using the money transfer service. I accept that's the case here, but strictly following terms like these won't always result in a fair outcome in the individual circumstances of a complaint. In my view – that's what's happened here. I don't think Mr G, or any reasonable person in his position, could have envisaged at the time that he might suffer a loss that wasn't his fault nearly 18 months later and owe money to Skrill because of an error made by its payment partner. I also think there's a question over whether clause 4.5 applies here, given that Skrill says the full transfer amount was returned to it on 12 December 2019.

Skrill's terms and conditions say that it won't be liable for any disruption or impairment of intermediary services. But this is only if the disruption or impairment is due to abnormal and unforeseeable circumstances beyond Skrill's reasonable control or the control of the intermediary. I don't know whether that exclusion applies here because I don't have any information about the processing error.

But even if the facts mean that Skrill isn't liable to Mr G under its terms and conditions, I don't think reliance on the terms and conditions alone leads to a fair outcome here.

I understand that the funds have been debited from Skrill's bank account by the payment processor, and this may have happened without any prior notice to Skrill. Skrill is out of pocket as a result, but it doesn't automatically follow that it would be fair to seek recovery of the funds from Mr G in the circumstances here. I don't think that would be a fair outcome and I think Skrill needs to take up the issue with its payment processor instead.

I think the fair resolution to this complaint would be for Skrill to rectify Mr G's account by crediting it with £1,072. It should tell L that there is no debt outstanding and instruct L to stop pursuing Mr G for payment. I think it should also ask L to write to Mr G to confirm there is no debt due and that it won't be pursuing the matter any further.

I've thought about whether Skrill also needs to pay some compensation to Mr G, bearing in mind that the main cause of the problem here appears to originate from the payment processor, not Skrill. But Skrill instructed L to pursue Mr G for a debt, which led to him receiving letters of claim demanding payment and threatening court action. This happened over a period of months, causing Mr G a great deal of stress and affecting his mental health. Skrill is entitled to use debt collection agencies to recover money due to it. But, for the reasons above, I don't think Mr G owes this money to Skrill.

When Mr G complained, I think Skrill missed the opportunity to review the situation thoroughly and bring about a fair outcome. So, the contact from L and the threat of legal action continued and Mr G had to pursue the complaint to this point to achieve a fair resolution. That has added to the negative impact of the situation and I think Skrill should pay Mr G compensation of £150 to reflect that.

### **My final decision**

For the reasons above, I uphold this complaint. Skrill Limited should:

- credit Mr G's account with the sum of £1,072.00;
- tell L that there are no funds outstanding from Mr G and instruct L not to pursue Mr G for payment;
- instruct L to write to Mr G to confirm that he does not owe any funds to Skrill and that it will not be pursuing the matter any further; and
- pay Mr G compensation of £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 14 December 2022.

Katy Kidd  
**Ombudsman**