

The complaint

Mrs G complains that Prepay Technologies Ltd applied excessive charges to her account. She wants a portion of the charges refunded.

What happened

Mrs G went on holiday abroad and put currency on a prepaid card to use while she was away. She used the prepaid card while abroad for purchases and cash withdrawals. When returning to the UK, Mrs G had money remaining on the prepaid card which she wanted to withdraw. She was told the amount she would receive back but she wasn't happy with this and said over £90 of charges had been applied which she wasn't expecting.

Mrs G contacted the card services on 17 October, 18 October and 19 October to ask how much she would receive if she cashed out her card. The amounts changed due to the changing exchange rates, but Mrs G wasn't happy with the amounts given. She did then cash out the card and said she received £589. She raised a complaint about the charges applied.

Prepay didn't uphold Mrs G's complaint. It explained the exchange rates used and said that Mrs G's transaction had been processed correctly.

Mrs G wasn't satisfied with Prepay's response and referred her complaint to this service.

Our investigator considered the terms and conditions of the prepaid card and said that while they explained that exchange rates can fluctuate, they didn't provide details about the selling and buy back differences. While she didn't agree that charges had been applied incorrectly to Mrs G's account, she thought Mrs G should be refunded the difference between the initial exchange rate given and the amount she received which she calculated as £25.88.

Prepay didn't agree with our investigator's view. It said that in previous cases it hadn't been required to refund the buyback difference and to do this would suggest all businesses were wrong to charge different rates for buying and selling currency. It said that it was Mrs G's choice to call on several days to check the cash out rates available and that on these calls it was explained to her the amounts she would receive and the difference between buy and sell rates.

Our investigator noted the comments Prepay made but said she thought that the information about the different rates wasn't presented to Mrs G when she took out the prepaid card.

Mrs G said that she had incurred charges of £90 when she had only been made aware of £6 of charges. She wanted this refunded.

As a resolution hadn't been agreed, this complaint was passed to me, an ombudsman, to issue a decision.

My provisional conclusions

I issued a provisional decision on this complaint, the details of which are set out below.

I note Prepay's comment about the outcome of previous complaints but I want to explain that we treat each case based on its individual merits. While I take all relevant rules, regulations and legislation into account, my decision will be based on what I consider fair and reasonable given the unique circumstances of the complaint.

I can understand why Mrs G is upset as she feels she has incurred charges that she wasn't expecting on her prepaid card. However, for me to uphold this complaint I would need to be satisfied that Prepay had done something wrong by applying the charges it did or that it had treated Mrs G unfairly.

Mrs G loaded currency on to her prepaid card to use while abroad. She says that she was only informed about £6 of fees whereas she has been charged £90. I have looked through Mrs G's prepaid card account statements and these show her using the prepaid card to make purchases and withdrawals from cash machines while abroad. The only fees recorded on her statements are for the cash withdrawals. I have looked at the account terms and conditions and these clearly set out the fees for cash machine withdrawals. Having looked at the cash withdrawal fees Mrs G was charged, these are in line with the fees set out in the account terms. Therefore, I do not find I can say that additional charges have been applied incorrectly or unfairly to Mrs G's account.

When returning from holiday, Mrs G still had money left on her prepaid card and wanted this returned. She thought she would receive around £689 based on the amount of foreign currency she had left on the card. Given this I can understand why Mrs G wasn't happy when she visited the store and was told she would receive a lower amount. She contacted the card services team on 17 October and then on subsequent days and was given the amounts she would receive back based on the exchange rates at the time. However, these amounts were all lower than Mrs G expected, and she raised a complaint.

I understand that Mrs G wants a refund for what she considers to be unexplained charges on the card. But, as noted above, I do not find there were any charges (aside from the cash withdrawal fee that was set out in the account terms) that were applied while Mrs G was using her prepaid card. Mrs G was aware of the £6 charge for getting the money back and this is set out in the account terms. The difference between the amount Mrs G expected to receive back and the amount she did was due to exchange rate differences.

Our investigator upheld this complaint as she thought Mrs G should have been provided with more information about how the exchange rates were applied before she agreed to the card. But I think it reasonable that an individual entering into a currency transaction would be aware that exchange rates change and that the rate used for a transaction would be the rate available at that time. I also note that information regarding this is set out in the account terms.

I appreciate that the difference between buy and sell rates may not have been explained to Mrs G but I accept that it is standard practice for buy and sell rates to be used when converting currencies. Because of this, I do not find I can say that Prepay did anything wrong or treated Mrs G unfairly by applying its usual approach when quoting the amount she would receive back when cashing in her card.

So, while I cannot say what was explained to Mrs G when she took out the prepaid card, I do not find in this case any evidence of charges being applied (aside from the cash withdrawal fees and £6 when the card was cashed out as set out in the account terms). I also find no evidence to suggest that Prepay applied the exchange rate incorrectly or unfairly when Mrs G cashed out her card. Because of this I do not uphold this complaint.

Mrs G didn't agree with my provisional decision. She didn't accept her request for £90 refund of charges applied to her account should be refused.

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.

I understand why Mrs G is disappointed by the outcome set out in my provisional decision and I am sorry to hear of the time she has spent waiting for a resolution to her complaint. However, as I have explained, for me to uphold this complaint I would need to be satisfied that Prepay had done something wrong by applying the charges it did or that it had treated Mrs G unfairly.

In this case, as I set out in my provisional decision, having reviewed Mrs G's statements, the only fees recorded while Mrs G was using her card are for cash withdrawals, and the charges made were in line with the fees set out in the account terms. Mrs G had money remaining on her prepaid card when she returned from holiday, and I can understand that she was disappointed by the amount she received back. However, aside from the £6 charge that Mrs G was aware of, the difference between the amount she received and the amount she had expected was due to exchange rate differences. And for the reasons I set out in my provisional decision, I do not find that Prepay did anything wrong by applying the exchange rates it did when paying back Mrs G's remaining money on her prepaid card.

So, in conclusion, while I know Mrs G won't be happy with my decision, in this case I do not uphold this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 25 October 2024.

Jane Archer
Ombudsman