

The complaint

Mr M is unhappy that PrePay Technologies Limited applied inactivity fees to his account.

What happened

Mr M had 42 Euros on a prepaid currency card which was administered by PrePay. Mr M didn't use the card for a prolonged period, and when he checked the card, he found that PrePay had applied inactivity fees which had fully eroded the balance of the card over time. Mr M wasn't happy about this, so he raised a complaint.

PrePay responded to Mr M and explained that the inactivity fees were detailed in the terms and conditions of the card. Mr M wasn't satisfied with PrePay's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel PrePay had acted unfairly in how they'd managed the situation and so didn't uphold the complaint. Mr M remained dissatisfied, so the matter was escalated to an ombudsman for 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.

When Mr M purchased the PrePay card, which he did from a currency exchange bureau in August 2019, the card was in a sealed envelope which contained the card itself as well as a user guide and the terms and conditions of the card. And those terms and conditions included details of all the fees that could potentially be applied to the card – including the inactivity fee, which is described as follows:

"Fee charged after a 12-month period of you not using the card (either by topping up your card, paying for transactions, or withdrawing money), including after your card has expired. No fee is you a zero balance."

The statements for Mr M's card show that he last used the card in September 2019 and that PrePay first applied the inactivity fee in October 2020. This was twelve months after Mr M had last used the card, and so I'm satisfied that PrePay applied the inactivity fee in line with the stated terms and conditions of the card.

Mr M has explained that the social restrictions that were in place because of Covid-19 meant that he wasn't able to travel for a long period, which is why he didn't use the card. And he feels that the inactivity fee is unfair because of this.

I can appreciate Mr M's position here, to a degree. But Mr M didn't have to leave his money on the card and could have moved the funds into his GBP purse to enable him to use the card within the UK. Or, he could have withdrawn the money from the card at any time, either by telephone or by visiting a bureau in person.

Additionally, as explained above, the inactivity fee is stated and described in the terms of the

PrePay card. And, as the purchaser and account holder, it was Mr M's responsibility to have understood these terms and to have been aware of the inactivity fee. Accordingly, I don't feel that PrePay have done anything wrong or unfair by applying the fee to the balance on Mr M's card in line with their stated terms as they did.

Mr M also feels that PrePay have acted unfairly by applying the month inactivity fee to his balance without notification. But Mr M was notified of the fee via the account terms he received with the card at the time of purchase. And as previously stated, it was Mr M's responsibility to understand the card terms, including any applicable fees.

Furthermore, PrePay have confirmed that for all UK card holders, if any transactions are made on a card in a certain month, including the application of an inactivity fee, a notice is sent to the card holder at the contact details that account holder has registered with them, advising them that there have been transactions on the account.

This means that PrePay sent notifications to Mr M stating that there were transactions occurring on the card for every month that they applied an inactivity fee. And given that Mr M wasn't using the card at this time, I feel that this should reasonably have prompted him to have checked his card balance and to have taken steps to either use the card so as to nullify the fees or withdraw the card balance, if he was unhappy with those fees.

All of which means that I don't feel that PrePay have acted unfairly here as Mr M contends. And it follows from this that I won't be upholding this complaint or instructing PrePay to take any further action. This is because it was Mr M's responsibility to have been aware of the inactivity fee, which was stated and described in the card's terms and conditions, and because PrePay have correctly applied that fee in line with the card terms.

I realise this won't be the outcome Mr M was wanting, but I hope he'll understand, given what I've explained, why I've made the final decision that I have.

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 Mr M to accept or reject my decision before 2 October 2023.

Paul Cooper
Ombudsman