

## **The complaint**

Mr S complains that Skrill Limited misinformed him about a transaction on his account, which meant it was restricted unnecessarily. He'd like greater compensation for the inconvenience.

## **What happened**

Mr S holds an e-money account with Skrill. The account also facilitates the exchange of cryptocurrency, which Mr S made use of.

On 11 March 2023 the value of one of the cryptocurrencies Mr S held was devalued significantly. Skrill converted the cryptocurrency to fiat currency but did not inform Mr S they had done this. The next day he noticed the transaction, and as he didn't recognise reported it to Skrill. But the Skrill representative didn't know why the transaction had taken place. Mr S' account was restricted, and he had to go through the account recovery process which involved changing his contact details and submitting new identification.

Skrill later sent an email to me Mr S to explain the transaction. Unhappy with the service and assistance he'd provided Mr S raised a complaint. Skrill explained what had happened and said the selling to the cryptocurrency was in line with their terms. They said their terms also allowed them to ask for identification, or to update contact details. Their security protocol meant he would have to go through the account recovery process when there was a claim of unauthorised activity. They said they realised they may have caused him inconvenience, but they'd acted in line with their own terms and policies. To make up for it their offered him loyalty points worth approximately 20EUR.

Mr S referred his complaint to our service. One of our investigators looked into it and thought Skrill should have done more. They said that Skill's actions had caused Mr S concern and worry and was inconvenienced by unnecessarily having to take steps to verify his identity. They felt all this could have been prevented by Skrill. They recommended Skrill pay him £100 compensation.

This was accepted by Mr S, but Skrill disagreed and asked for an ombudsman to consider the complaint. As such the complaint has been passed to me to decide.

## **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 root of this complaint is about the cryptocurrency transaction that Mr S was unaware of. Cryptocurrency is unregulated in the UK, and usually these types of transactions in isolation wouldn't be in our service's remit. But in this case the knock on effect was the restriction to the regulated e-money account – and I'm satisfied that the impact is related to the difficulties had with this. As such I'm satisfied that our service does have the legal power to consider Mr S complaint.

The facts aren't in dispute here. Skrill carried out the cryptocurrency conversion to prevent losses to Mr S, which is reasonable. I accept that because the situation was moving quickly Skrill didn't have time to let him know about it in advance. But the problem arises in that they didn't tell him until several days later – by which time he'd already reported the transaction as unauthorised. So, for these days he didn't have use of his account and was also under the impression his account details were compromised.

As Skrill hadn't promptly informed him of the reason for the transaction this caused him unnecessary stress, which could have easily been avoided. Likewise, by this point he was already going through the account recovery process. If he had been correctly told about the nature of the transaction when he reported it, this also would have been unnecessary. But by the 14 March it would have been clear to Skrill what had happened.

Skrill have said that once the account recovery process has begun it had to be completed, but I can't see a reasonable justification for this once it became clear there was no outside third party involvement on Mr S' account. And their terms do allow them to ask for updated identification information – but nothing I've seen suggests this was required at the time. On that basis, I'm satisfied that Skrill have inconvenienced Mr S unnecessarily.

Considering the impact of all this, and the time Mr S' account was blocked, I don't think the effect was extensive. Mr S regularly used his Skrill account, but it doesn't appear it was used for his day-to-day spending. But I accept the whole situation was created by Skrill and could have been avoided with more prompt communication on their part. On that basis, I'm satisfied compensation is appropriate.

Skrill have offered a sum of their own loyalty points, but I don't see this an appropriate amount. They left him for several days thinking he'd been the victim of fraud, and then compounded the issue by inconveniencing him in having him unnecessarily submit further identification before allowing him to use his account again. Having considered everything, I'm satisfied an amount of £100 would be appropriate.

### **My final decision**

My final decision is that Skrill Limited must pay Mr S £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 10 November 2023.

Thom Bennett  
**Ombudsman**