

The complaint

Mr A complains that a deposit he paid using his pre-paid card provided by Equals Money UK Limited trading as Card One Money hasn't been returned.

What happened

Mr A paid a deposit to a hire car company on 25 January 2023. He says that the deposit was returned to his card on 24 February 2023 but that this hasn't been credited to his account.

Card One Money issued a final response letter dated 16 March 2023 not upholding Mr A's complaint. It explained that when a transaction is authorised the amount due to be paid is placed into a '*pending*' status, awaiting completion by the merchant. This is to '*ringfence*' these funds ready for when the merchant completes the transaction to protect the card from going into a negative balance. If the transaction is not completed within an agreed period, the funds will be released back to the card. It said that a transaction was authorised on Mr A's card on 25 January 2023, for an amount of around £867. Because the merchant did not complete the transaction the money was returned to Mr A's card on 10 February 2023. It said the correct procedures had been followed.

Mr A wasn't satisfied with Card One Money's response and referred his complaint to this service.

Our investigator didn't uphold this complaint. He said that evidence had been provided to show that the transaction that was made on 25 January 2023 was reversed on 10 February 2023.

Mr A didn't agree with our investigator's view. He said the car hire company would retain the deposit until the car was returned and while Card One Money said the money was returned on 10 February, he was still renting the car at that time. He said the car was returned on 24 February 2023 which was when the deposit should have been returned.

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.

Mr A paid a deposit to a hire car company on 25 January 2023. He has explained that the initial deposit request was declined and then a lower amount requested which went through. One Card Money has provided the relevant transaction history, and this shows the initial declined transaction (where the requested amount was higher than the available balance on the card) and then the second transaction where the authorisation was recorded as '*accepted*'. The transaction was in a foreign currency for an amount equivalent to around £867.

One Card Money has explained its process for transaction authorisation, and I can see from the transaction history that Mr A's actual balance wasn't changed by the transaction on 25 January 2023 but that his available balance reduced by the amount paid. This transaction

was reversed on 10 February at which point Mr A's available balance increased from around £375 to around £1,266. So, while I accept that Mr A was still hiring the car on 10 February and therefore wasn't expecting the deposit to be returned, this happened because the hire car company didn't complete the transaction within the required timeframe.

Mr A has provided evidence of the hire company's internal records, and these show that the deposit refund was attempted on 24 February, but it was denied on one occasion and then the next two entries record an 'error'. While I cannot say for certain what happened it appears that the deposit refund was attempted on 24 February but didn't happen. This is most likely because it was identified that the deposit amount had already been reversed.

Mr A has provided a copy of his statement from 3 February to 17 February 2023. I have cross referenced this with the transaction history provided by One Card Money. The information in Mr A's statement shows his transaction amounts and the actual balance and these figures match the amounts recorded on the transaction history provided by One Card Money. Mr A's statement doesn't show the return of the deposit on 10 February which I can understand has caused concern. But, as explained above, the returned funds are shown in Mr A's available balance rather than his actual balance. This is because rather than the deposit being refunded at the end of the hire period, the initial payment was reversed due to the transaction not being completed.

While I can understand why Mr A was concerned that he hadn't received the deposit refund, having looked at the evidence provided I am satisfied that the deposit money paid by Mr A was returned to him.

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 A to accept or reject my decision before 8 November 2023.

Jane Archer
Ombudsman