

## **The complaint**

Mr and Mrs M, in their capacity as the directors of a limited company I'll refer to as T, complain that Advanced Payment Solutions trading as Cashplus won't refund transactions they didn't authorise.

## **What happened**

The full details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll recap the key points and focus on giving my reasons for my decision:

- In February 2021, Mrs M received a call from someone purporting to be from BT. The individual gained remote access to her laptop and phone under the guise that her internet security had been compromised, and they needed to fix the issue. Mrs M's told our service that she was genuinely experiencing internet issues at the time, so she followed the caller's instructions and shared the information that was requested.
- The fraudsters made payments totalling £72,500 from T's Cashplus account. At one point, Mrs M noticed money had left the account and queried this. She was reassured that this was part of a test BT was doing while securing her internet, and the funds would come back to the account shortly. Mrs M then saw a credit for the same amount. Unbeknownst to her at the time, the fraudster had transferred funds from an account Mrs M held with another bank.
- Mrs M eventually realised that she'd been a victim of a scam and reported this to Cashplus. I understand that it was able to recover £14.45 from the beneficiary bank. Cashplus declined to reimburse the remaining amount as it believed that Mrs M was liable for the loss, given that she allowed third-party access to the account and shared information.
- The matter was referred to our service and our investigator didn't agree with Cashplus that Mrs M should be held liable. Cashplus disagreed and so the complaint was 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.

Having done so, I agree with the conclusions reached by the investigator for the following reasons:

- In line with the Payment Services Regulations 2017 (PSRs), T isn't liable for payments it didn't authorise, unless Mr M or Mrs M (acting on T's behalf) failed with intent or gross negligence to comply with the terms of the account or keep the account security details safe.

- The investigator concluded that the likely steps required logging into T's account, entering the payment information (sort code, account number etc), entering a One Time Passcode (OTP) if required and confirming the payment. Cashplus hasn't disputed this and so I've proceeded on the same basis.
- From the information I've seen, I consider it more likely than not that Mrs M shared information she was sent by Cashplus. But I haven't seen any persuasive evidence or arguments that it was Mrs M who completed the steps needed in order for the payments to be made, or that she consented to someone else doing so. As I'm not persuaded that Mrs M completed all the agreed steps to make payments from T's account, or that she consented to someone else doing so, I find that the disputed transactions were unauthorised.
- I don't find that Mrs M failed with intent to keep her security credentials safe – she believed the information provided was necessary to secure her internet. So, in her mind, she was safeguarding her internet security.
- I also don't find that Mrs M failed with gross negligence. She questioned the caller about why BT had contacted her when her internet was provided by another company. The fraudster offered an explanation which I think many people would find plausible, namely that her broadband was linked to the landline which relied on BT's interface. In this instance, I understand that Mrs M's landline was also with BT. So, I can see why she felt assured and believed that she was genuinely speaking to BT. Mrs M was already experiencing some internet issues and the fraudsters were able to gain her trust before creating a situation of panic, which scams of this nature are often centred on. The clever fraudsters then used distraction tactics as they gained online access to the bank accounts and made payments.
- Cashplus has argued that Mrs M shared the OTPs with the fraudster despite it warning her not to. Mrs M's told us that she no longer has the OTP messages, so I asked the investigator to request this information from Cashplus. Despite allowing additional time, this information hasn't been forthcoming. As I haven't seen the actual content of the text containing the OTP, I can't be sure whether it was clear about what the OTP was for, and what warning (if any) Mrs M is likely to have seen.
- Even if I were to accept that the warning contained in the OTP text was effective, in the moment of being told that she needed to secure her internet from being hacked, I can understand why a warning not to share might have been missed, particularly when Mrs M thought she was talking to an expert and was led to believe that the steps being taken were necessary to protect against fraud. Overall, I don't think that Mrs M seriously disregarded an obvious risk or therefore failed with gross negligence. I think a lot of people would have been tricked into doing the same or similar thing. I don't think Mrs M's actions fell so far below what a reasonable person would have done that it amounts to gross negligence. So I conclude that Mrs M, on behalf of T, isn't liable for the transactions in dispute and Cashplus needs to put things right.
- Cashplus has argued that it shouldn't be held liable for lost funds that originally came from another bank. But as the investigator explained, and I agree, T's complaint is about Cashplus. I've concluded that the disputed transactions on T's account were unauthorised. I've also concluded that Mrs M didn't fail with intent or gross negligence to keep her security details safe. So, under the relevant regulations, Cashplus needs to refund the full loss from the unauthorised transactions and interest to compensate B for the loss of use of those funds.

## **Putting things right**

To put things right, Cashplus needs to:

- reimburse T the unauthorised transactions totalling £72,500 (less the amount recovered, if applicable).
- for reimbursed transactions that were funded by transfers from another bank account, add simple interest at the rate payable on the account where the funds were transferred from (less any tax properly deductible). I can see that the interest rate information has already been provided to Cashplus.
- for the remaining reimbursed transactions, add simple interest at 8% per year (less any tax lawfully deductible).

## **My final decision**

For the reasons given, my final decision is that I uphold this complaint. I require Advanced Payment Solutions Limited trading as Cashplus to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 30 September 2022.

Gagandeep Singh  
**Ombudsman**