

## **The complaint**

Miss A complains that Pockit Limited won't refund payments she didn't make from her account.

## **What happened**

Miss A disputes payments made online from her Pockit account on 28 September 2020 for a total of £3,010. She says that she was unable to access her account that day and reported this as fraud.

Pockit said it hadn't made any mistake. It said that it thought it most likely that Miss A had shared her details with someone else. It said that the bank that held the account of the recipient said that no funds remained.

Our investigator recommended that the complaint be upheld, and Miss A refunded for the disputed amounts with simple interest at eight per cent per annum. He said that he had received limited information from Pockit about these payments before he issued a first view.

Pockit had then provided information showing that the payments were made using a new IP address that had only been associated with the account from 16 September 2020. Miss A had received a student finance payment on 28 September 2020 and that was quickly paid away. She had contacted Pockit as she had still received a notification about one of the payments to her phone, and she provided a screenshot of this. Pockit told him that the information required to access the account then and make the payments was her email address, her password, and the answer to a security question. There had been multiple incorrect attempts before the security question was answered correctly.

Miss A said she hadn't provided her information to anyone. The account password had been changed on 28 September 2020 and Miss A had reported that messages from her email account were being diverted. He found Miss A to be credible and that she hadn't authorised these payments. He saw little evidence of Pockit investigating these with her at the time. And he thought that the multiple attempts to answer the security question ought to have led Pockit to realise that unauthorised access was being attempted.

Pockit didn't provide any response to the further assessment from our investigator saying whether it agreed or not. So, it has been passed for an ombudsman to review.

## **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 need to take into account the Payment Services Regulations 2017 in considering this complaint. These state that a payment can only be authorised if it was consented to. So, it's

not enough for it to be authenticated, say with a card and PIN. And if they weren't authorised Miss A wouldn't generally be responsible for them.

So, I will be thinking about the following areas in looking at this complaint:

- What is the most likely explanation of how these payments were made?
- Did Miss A either authorise the payments on the account, or allow someone else to use her account as Pockit says?

I won't be able to say *exactly* what happened and I'm going to be deciding what I think was *most likely* on a balance of probabilities.

Our investigator had asked Pockit for the authorisation logs for these payments. We haven't received these, but I can see these payments were made when a successful log in had been made to the account. And Pockit has explained that to make the payments didn't require say a one-time passcode but a correct answer to a security question. I accept from what it says that the payments were most likely authenticated. There were three payments of £1,000 to one account and two for £5 to a different account.

The issue I need to decide is whether Miss A consented to the payments and so authorised them. I note the student finance for Miss A was paid into her account before the first disputed payment at 05:52 on the morning of 28 September 2020. The IP address involved had been used to access the account on a regular basis from 16 September 2020 and was one neither associated with Miss A's location nor one that she had used before. And this is consistent with a third party monitoring the account for the money. Until 28 September 2020 the password hadn't been changed and so Miss A would likely not have been alerted to any takeover of her account.

Miss A has shown that she received notifications to her phone of payments and has provided a screenshot relating to one of the disputed payments for £1,000. All the disputed payments had been made by 09:11 with a final payment of £5. And she had emailed Pockit at 09:09 that day saying her account had been hacked. She followed this up with a further email on 30 September 2020 and she spoke to Pockit about her claim and provided the information it requested. She'd explained that her emails seemed to be diverted and she hadn't received one about her student finance payment.

She said she didn't hear about the outcome until after she contacted this service. Pockit declined her complaint on 27 November 2020 but didn't explain its investigation. In January 2021 it wrote to her and said that the bank that held the account that had received £3,000 of the money didn't have any funds remaining. When it wrote to this service in October 2021 after the investigator's first view it asked that we contact that bank about who received the money. That's something I'd have expected it to investigate when it declined the fraud claim and it's fairly up to Pockit to support its case with evidence.

Pockit says that a third party would have needed to discover Miss A's security details. And that it was unlikely to have been possible if her phone say had been stolen. In any event she told it that this hadn't happened and nor had she changed her phone. Her email address in my view could have been easy to discover and was her 'username' for her Pockit account. And somehow her Pockit password and it seems her security question were compromised which isn't impossible. I find that the multiple incorrect attempts at the security question which Pockit said exceeded ten times that day are a strong indication that someone didn't have authority to access her account. It's a matter for Pockit to decide exactly what security measures it puts in place but here there was a clear opportunity to stop these payments being made without some confirmation from Miss A.

I've balanced all the information in coming to a view. Like our investigator I consider what Miss A's has said to Pockit and this service to be consistent and her testimony to be reliable. I consider it most likely her Pockit account was somehow taken over by an unknown third party and that she didn't consent to and so authorise these payments. So, I will be requiring

Pockit to refund the money to her and pay her simple interest as our investigator recommended.

### **My final decision**

My decision is that I uphold this complaint and I require Pockit Ltd to:

- 1) Refund £3,010 to Miss A.
- 2) Pay simple interest of eight percent per annum on the refund in 1) above from 28 September 2020 to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 22 April 2022.

Michael Crewe  
**Ombudsman**