

## **The complaint**

Mr A complains that PrePay Technologies Limited trading as Prepay Solutions ('PrePay') hasn't refunded transactions he says he didn't authorise.

PrePay is responsible for answering complaints about payment services provided by Monese Ltd. As Mr A's account is Monese branded, I have referred to Monese when explaining what has happened in this complaint as this is what he is most familiar with.

## **What happened**

### *What Mr A says*

Mr A says that on 16 July 2021 a total of £704.83 was taken out of his account without his knowledge and consent. Fourteen online card payments were made to two separate payees.

Mr A says he was sleeping when the transactions were made and woke up to a lot of messages about purchases and so he logged into the app and saw the disputed transactions. He says the transactions were showing as pending and thinks that Monese should have stopped them.

Mr A reported the disputed transactions to Monese and also blocked his card. Monese initially asked Mr A to contact the two merchants involved, which Mr A later did. One merchant responded and said it couldn't identify the transactions and the other referred Mr A back to his bank. Mr A provided this information to Monese on 30 July 2021. On 13 August Monese told Mr A that he would not receive a refund as his account hadn't been compromised and the payments were made using Apple Pay.

Mr A is unhappy with Monese's decision. He says he lived alone and nobody else had access to his mobile phone or passcode to unlock it. He is also unhappy with the service he received from Monese after he reported the disputed transactions. Mr A also says that Monese hasn't commented on later disputed payments to other merchants.

### *What Monese say*

Monese say that all the transactions were authorised by Mr A and that all the payments were made using a device Mr A has previously used to make genuine transactions.

Monese also say that a Monese card can only be linked to Apple Pay if the Monese app is installed on the same device.

### *Our investigation so far*

The investigator who considered Mr A's complaint didn't recommend that it be upheld. In summary, she felt that the payments were made with Mr A's consent, particularly considering all the payments were made from a device used by Mr A before and after the disputed payments. The investigator said that it was unlikely the disputed payments were made by someone unknown to Mr A without his consent. She said this because Mr A said he lived alone and nobody else had access to his phone so there was no explanation for how someone entered his property, unlocked his phone or made the payments. And the payments were made very soon after benefits were paid into Mr A's account, something an unknown third party wouldn't know about.

But the investigator recommended Monese pay Mr A compensation of £350 to reflect the fact that the service it provided wasn't as good as it could have been. In particular, the investigator said Monese failed to make reasonable adjustments in respect of Mr A's disability, terminated a call without a reason and didn't tell Mr A that chargeback didn't apply as the payments were made using Apple Pay.

Both parties didn't accept the investigator's findings and asked for a final decision, so the complaint has been passed to me to consider. Mr A didn't provide specific reasons. Monese said the award recommended by the investigator was excessive and unjustified. It accepted that it could have provided a greater level of support but felt that a payment of up to £100 was reasonable. Monese noted that Mr A asked its staff to provide an immediate refund which put them in a difficult position, as this wasn't possible.

### **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.

And where there is a dispute about what happened, and the evidence is incomplete or contradictory, I reached my decision on the balance of probabilities – in other words, on what I consider is most likely to have happened in light of the available evidence.

Having done so, my review of the evidence has led me to the same overall conclusions as the investigator and for much the same reasons. I'll explain why.

Generally, Monese can hold Mr A liable for the disputed transactions if the evidence suggests that it's more likely than not that he made or authorised them himself. Monese has provided evidence which shows that the payments were verified using Apple Pay. But the regulations relevant to this case say that is not, on its own, enough to enable Monese to hold him liable. So, I also need to think about whether the evidence suggests that it's more likely than not that Mr A consented to the transactions being made.

I have been provided with technical evidence which demonstrates that all fourteen payments were made using a device with what I consider to be a unique name. Other evidence provided by Monese demonstrates that two previous payments, including one only weeks before - on 24 June 2021, were made from an iPhone with the same name. Mr A has confirmed that he made the payment in June. In the circumstances, I consider that the disputed payments were made using Mr A's mobile phone. I find it hard to accept that a fraudster would coincidentally have made payments from another phone with the same name.

Given my conclusion that it's more likely than not that Mr A's phone was used to make the transfers, I need to go on to consider whether an unknown third party could have gained access to Mr A's mobile device without his consent to make the payments.

Mr A has explained that he lived alone and that nobody else had access to his property, his mobile phone or his online banking passcode. So I find it unlikely that an unknown third party could have completed the disputed transactions without Mr A's knowledge or consent.

I've also thought about the fact that the transactions were made straight after benefit was credited to Mr A's account. Mr A has said that the only person who knew when his benefit was paid was his landlord and he wouldn't access the property. I consider that it's more likely than not that someone who knew when the benefit was paid completed the transactions or Mr A gave consent for someone else to do so.

I've also considered the fact that there were still funds in the account after the disputed transactions had been made and there were no failed payments which might have alerted a fraudster to the possibility that further payment attempts wouldn't be successful. Fraudsters usually maximise the opportunity to take as much as possible before they are detected, and payments might be blocked. This hasn't happened here.

I am aware that Mr A has raised the fact there were further disputed transactions to two different merchants after the ones I've already discussed. I can see that one of the payments was a subscription set up in April 2021, so I think this was a genuine payment which failed after Mr A cancelled his card when he reported the disputed transactions. The other payments were also attempted after Mr A cancelled his card and no funds were lost. These payment attempts took place on 19 July 2021, after the payments that were initially reported to Monese, which isn't typical behaviour of a fraudster.

Overall, whilst I'm sorry to disappoint Mr A, I consider the most likely scenario is that Mr A authorised the transactions he disputes or asked someone else to make them on his behalf.

Mr A has also complained about the service he received from Monese. I can understand why Mr A would think Monese could cancel a payment that was shown as pending, but this wasn't the case – so I can't reasonably say Monese has done anything wrong. I've listened to Mr A's calls with Montese and note that this was explained to him in various calls.

When Mr A first reported the disputed transactions to Monese he was asked to contact the merchants himself. I think Monese was working on the basis that Mr A was making a chargeback request – in which case this is what I'd expect and what other banks would ask Mr A to do. I also think that contacting the merchants is worth doing to see if they are prepared to provide a refund themselves. PrePay has explained to this service that it doesn't raise chargebacks on Apple Pay transactions. It has explained that when it has submitted chargebacks with the fraud code in the past these have been re-presented as rejections because the reason code is invalid. So I consider Monese should have been clearer with Mr A about the chargeback process and handled the situation better.

A chargeback should be considered based on the circumstances of each individual case. I'm not sure if Monese relying on the outcome of previous chargeback cases is necessarily correct. However, I believe that even if Monese had raised a chargeback for Mr A, it would've failed. A chargeback doesn't provide an automatic refund. Rather, all the evidence available has to be considered by the scheme provider. In this case, the chargeback reason would've been an unauthorised or fraudulent payment. But as explained above, I'm satisfied that Mr A authorised the payments – which would mean the chargeback wouldn't have been successful.

It's clear to me that right from Mr A's first call with Monese on 16 July 2021 he asked for additional support in initiating a claim. He explained that he had problems with reading and that it was difficult for him to write to the merchants. I consider the agent in that call was impatient and could have provided greater assistance. By 20 July Mr A specifically mentioned dyslexia but the agent kept referring to sending Mr A an email and then terminated the call inappropriately and without reason.

In a later call on 30 July 2021 Mr A again explained that reading and writing were difficult for him and asked for help. He was told that the matter could only be dealt with by email. Mr A explained he was being removed from his home and referred to his disability, but the agent terminated the call.

I appreciate that Mr A didn't contact the merchants initially. Instead he continued to call Monese and say it was its responsibility to contact the merchants, not his. In each call with Monese the message was clear that Mr A needed to take this step. But it seems to me that Mr A didn't contact the merchants because he needed support to do so. I consider that if one of the agents Mr A spoke to had provided a better service, further calls could have been avoided and Mr A wouldn't have suffered unnecessary stress. In one call, after saying he had difficulties with reading and writing, Mr A said he didn't understand and then said he was sweating, and the agent didn't understand his situation. So it should have been clear Mr A needed support.

I also appreciate Monese is a digital bank, but it offers a call back facility. Agents should be able to provide appropriate advice and support in those calls. Overall, I consider that the

impact of Monese's customer service failings were far greater for Mr A because of his dyslexia and my compensation award reflects this. At an already difficult time for Mr A, Monese unnecessarily added to the stress and inconvenience he suffered. In the circumstances, I agree with the investigator that Monese should pay Mr A £350 compensation.

### **My final decision**

My final decision is that Pre Pay Technologies Limited trading as Prepay Solutions should pay Mr A £350 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 28 September 2022.

Jay Hadfield  
**Ombudsman**