

The complaint

Mr C complains that PrePay Technologies Limited trading as Prepay Solutions won't refund money he was tricked into sending to a fraudster.

What happened

Mr C received a text message which appeared to come from Monese, an agent of PrePay Technologies Limited, which claimed that someone had attempted to make a payment of £267 from his account.

He replied to say he hadn't carried out the transaction and he subsequently received a call from someone claiming to be Monese. The caller requested his email address and security code. Mr C found this to be suspicious and hung up.

Mr C received another call from the same number. He says the fraudster asked him to check the number on the back of his card and, when he saw it matched, he was convinced he was speaking to Monese.

The caller asked Mr C to provide an authorisation code which was sent to his phone. He says the caller explained that they'd need to make a payment of £5,300 from his account to a safe account in order to secure his funds. The caller claimed that the money would be returned to his account with the £267 that had supposedly been taken.

When this didn't happen, Mr C realised he'd been the victim of a scam. He reported the matter to Monese and said that it should have realised he was the victim of fraud due to the unusual nature of the transaction. Monese declined his claim on the basis that Mr C had made the payment himself. It was only able to recover £1.29 from the account which received his money.

Mr C referred the matter to our service and one of our investigators upheld it. They noted that a new device had been added to Mr C's account immediately prior to the transaction which, in their view, ought to have given Monese cause for concern. They thought that had Monese contacted Mr C before the payment took place, the scam would have been prevented.

Monese disagreed, arguing that Mr C had made a similarly sized transaction a few days before – so the payment wasn't out of character for him.

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.

There's no dispute that Mr C authorised these transactions and that means that under the Payment Services Regulations 2017 and the terms of their account he is presumed liable for the loss in the first instance.

However, taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Monese should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which payment service providers are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases decline to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

I've reviewed Mr C's account activity in the six months prior to the scam and I think that the transaction in dispute did stand out as being remarkable.

In the previous six months, there was only one transaction of a comparable size – a payment of just over £5,000 a few days before the disputed activity. I note that this payment went to a legitimate company which provides international money transfer services – a service that Mr C frequently uses. It's also worth pointing out that it doesn't appear Monese questioned the earlier legitimate transaction either.

The disputed payment, on the other hand, went to an unknown new payee and almost cleared the entire balance of Mr C's account. Like the investigator, I think the fact a new device was added to Mr C's account immediately prior to the payment is significant. Such activity is a known indicator of fraud and something that Monese ought to have been alert to.

So, I think that Monese did make a mistake by allowing the payment to leave Mr C's account without making further enquiries with him. Had it done so, it's very likely that the scam would have come to light as Monese would have been able to inform Mr C that he was not speaking to it and that it would never ask him to move his money to a safe account.

I've also considered whether Mr C acted reasonably in the circumstances. I think this was a relatively sophisticated scam – the text message Mr C received, although from a mobile number, was referring to Mr C's payment service provider and the fraudsters were seemingly able to spoof Monese's telephone number. It's clear that Mr C, as a layman without knowledge of number spoofing, found this to be very convincing and it was sufficient to overcome his earlier doubts about the legitimacy of the caller.

I acknowledge that the scam was only successful because Mr C divulged certain security information which allowed both the setting up of a new device and the payment to take place. But, I think he divulged this information because he firmly and reasonably believed he was talking to Monese and acting to protect his money.

So, Monese should refund Mr C the amount he lost. In relation to the interest, I'm satisfied that, but for the scam, Mr C would have used this money for everyday spending, so Monese should pay 8% simple interest per annum on the amount lost.

My final decision

I uphold this complaint about PrePay Technologies Limited trading as Prepay Solutions and instruct it to pay Mr C:

- The amount lost – £5,300 less any amount recovered and returned to him
- 8% simple interest per annum on that amount from the date of loss to the date of settlement

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 13 October 2022.

Rich Drury
Ombudsman