

## The complaint

Miss C is a sole trader, trading as J. She complains that PayrNet Limited won't refund transactions she didn't make.

ANNA Money, who J's account is with, is an agent for PayrNet. For ease, I'll mainly refer to ANNA throughout the decision.

## What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. The facts are not in dispute, so I'll focus on giving the reasons for my decision.

## 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 these reasons:

- ANNA hasn't disputed these were unauthorised transactions. However, it refused to refund them because Miss C shared an authorisation code received by text. This allowed fraudsters to complete the steps to set up Google Pay on their device and make these disputed payments. It appears that fraudsters already had Miss C's card details to initiate this process.
- It seems ANNA are alleging that Miss C failed with gross negligence to comply with the terms of the account and keep her personalised security details safe. That would mean that under the Payment Services Regulations 2017, it wouldn't be liable to refund J.
- Having considered the circumstances carefully, I'm not persuaded ANNA has shown that's the case. I'll explain why.
- Miss C received a call from someone pretending to be from ANNA. It came from a withheld number, which I note other trusted organisations use. They told her someone had tried to buy something in a location she'd recently been to. So I can see why she trusted the caller at the time and became concerned about the safety of her money.
- Miss C recalled she was asked to share a code she would receive by text to verify who she was. ANNA shared with us what this message looked like, emphasising the warning it contained: *"Do not share this code with anyone – not even with ANNA or the police. Your one-time verification code so you can add your ANNA Card to Google Pay is [\*\*\*\*\*]. This code is valid for 29 minutes."*
- Miss C explained she didn't notice the warning at the time. And in the heat of the moment, when she'd been primed to expect a message that indeed did come

through from her genuine bank, I can see how she instead focused on the code she had been asked for. Particularly when she felt anxious about the situation and, like most people, had other things going on and wanted to get this sorted. I don't think it meant she acted with very significant carelessness compared to a reasonable person – to say that she failed with gross negligence.

- ANNA also pointed out that Miss C would've received a message that confirmed Google Pay had been set up. Even if Miss C saw this, which it isn't clear she did, I think it's likely the caller would've linked this to the 'attempted fraud'. In any event, ANNA hasn't explained how this is relevant to her failing to keep her personalised security details safe or how this breached its terms and conditions.
- Taking this all into account, I don't think Miss C's actions fell so far below what a reasonable person would've done that she failed with gross negligence. So I conclude she isn't liable for the transactions and ANNA needs to put things right – by refunding her losses from these unauthorised transactions alongside interest to compensate her for the time he's been out of pocket.

### **My final decision**

For the reasons I've explained, I uphold J's complaint. PayrNet Limited must:

- Pay J the total of the unauthorised transactions, less any amount recovered or already refunded – I understand this to be £2,820.00.
- Pay 8% simple interest per year on this amount, from the date of the unauthorised transactions to the date of settlement (less any tax lawfully deductible).

Under the rules of the Financial Ombudsman Service, I'm required to ask J to accept or reject my decision before 28 April 2023.

Emma Szkolar  
**Ombudsman**