

## The complaint

Mrs L is a sole trader, trading as A. She complains that Advanced Payment Solutions Limited (trading as Cashplus Bank) won't refund a transaction she didn't make.

## 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 outcome reached by our investigator for these reasons:

- Cashplus accepted this was an unauthorised transaction. However, in line with the Payment Services Regulations 2017, it refused to refund it because it asserts Mrs L failed with gross negligence to comply with the terms of the account and keep her personalised security details safe.
- Having considered the circumstances carefully, I'm not persuaded Mrs L failed with gross negligence – or, in other words, that she acted with *very significant* carelessness; *seriously* disregarded an *obvious* risk; or acted *so far below* what a reasonable person would've done. I'll explain why.
- Mrs L was called by someone posing as Cashplus. She said they knew information about her and her business, A, and the call sounded familiar – they took her through verification. So I can see why Mrs L trusted the caller – I think a lot of people would've done.
- She was told there had been fraudulent transactions on A's account and they'd need a code that they'd send by text to verify her. She said she shared this after reading it in preview on her phone, so she didn't realise it was connected to a payment.
- Cashplus submit it was grossly negligent to not open the message in full before sharing the code with an unexpected caller. Reading messages in preview is a commonly used feature by lots of people. And given that the code appeared first in the message without any accompanying warning, I'm not satisfied L's actions meant she fell *so far below* what a reasonable person would've done.
- I've also considered how Mrs L was primed to expect the code from who she thought was her trusted bank. So when the message came thought from Cashplus as expected, I can see how she felt comfortable sharing it. Particularly as she'd not shared other information during the call, like her card details, that might have made her suspicious. It seems the fraudster already had these before the call – and we

know there are lots of ways these could've been compromised, with or without Mrs L's involvement.

- It follows that I don't think Cashplus has shown Mrs L failed with gross negligence. So I conclude that A isn't liable for the transaction and Cashplus needs to put things right – by refunding A's losses from this unauthorised transaction alongside interest to compensate it for the time it's been out of pocket.

### **My final decision**

For the reasons I've explained, I uphold A's complaint. Advanced Payment Solutions Limited (trading as Cashplus Bank) must:

- Pay A the total of the unauthorised transaction, less any amount recovered or already refunded – I understand this to be £3,913.67.
- Pay 8% simple interest per year on this amount, from the date of the unauthorised transaction to the date of settlement (less any tax lawfully deductible).

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

Emma Szkolar  
**Ombudsman**