

The complaint

Ms A is unhappy that Think Money Limited won't refund payments 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've reached the same outcome as our investigator for these reasons:

- Think Money has refused to refund these unauthorised payments under the Payment Services Regulations 2017 (PSRs) because it asserts Ms A failed with gross negligence to comply with the terms of the account and keep her personalised security details safe.
- In saying that, it's pointed to how Ms A shared her memorable phrase and two passcodes with a third party despite warnings not to. It's also pointed to scam warnings it displayed when you open its banking app, and how Ms A didn't report her concerns after the scam call or the unrecognised 1p transactions made in the days leading up to most of the fraudulent payments.
- To assess whether Ms A failed with gross negligence, I've reflected on the circumstances of the scam. She received a call from someone who said they were from Think Money's fraud team. The number had the right area code for Think Money and Ms A recalled how they took her through seemingly routine security questions. Given this familiarity, I can see how she was persuaded the call was genuine.
- Ms A remembered being told about two attempted fraudulent transactions. She was asked to follow their instructions to confirm her identity and add further security to the account.
- I've reflected on Ms A's panic and trust in the caller, as well as how, like most people, she wasn't an expert in fraud. Taking this all into account, I can understand how the situation seemed plausible at the time, and why she followed their instructions, believing she was doing the right thing to protect her account.
- In saying that, I recognise there were warnings in Think Money's messages as well as on its banking app. And of course, it's possible to criticise Ms A's actions given these. But I'm wary of the benefit of hindsight. Here, Ms A was acting in the heat of the moment, panicked about fraud. In these circumstances, I can understand how she could've overlooked the overall content of the messages and simply focused on following the callers' instructions. Similarly, when she believed she needed to act

hastily, I can see how she didn't recall in the moment previous warnings she'd been given in the app.

- I've also considered the overall sophistication of the scam. This wasn't a 'chancer'. Instead, this appears to have been a cleverly designed scam where the fraudsters were well-versed in Think Money's operations and knew what information they needed and how to effectively trick Ms A into sharing it.
- I've noted Think Money's concerns that Ms A didn't report this after her son raised concerns about the call. It seems she tried to contact Think Money – she was on hold for well over an hour. And given that her account appeared the same at that time, I can see how she didn't follow it up. Equally, I can see why Ms A wasn't overly concerned for the 1p transactions – their insignificant amounts likely falsely reassured her that something wasn't amiss. It follows that I don't think this means she *seriously* disregarded an *obvious* risk.
- Taking this all into account, I've not been persuaded that Ms A acted with *very significant* carelessness to conclude she failed with *gross* negligence.
- It follows that, in line with the PSRs, I don't consider Ms A can be fairly held liable for these unauthorised payments and Think Money needs to put things right – by refunding her losses from the payments alongside 8% simple interest per year to compensate her for the time she's been out of pocket.

My final decision

For the reasons I've explained, I uphold Ms A's complaint. Think Money Limited must:

- Pay Ms A the total of the unauthorised payments, less any amount recovered or refunded.
- Pay 8% simple interest per year on this amount, from the date of the unauthorised payments to the date of settlement (less any tax lawfully deductible).

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 17 October 2023.

Emma Szkolar
Ombudsman