

The complaint

Mr D, on behalf of O, complains that PayrNet Limited won't refund a transaction he didn't make.

What happened

Mr D told us he took a call from someone purporting to be from PayrNet – “the scammer” – who advised him that a fraudulent transaction had taken place. After asking Mr D some questions which he said “seemed genuine”, they told him they'd cancel the card for him. They also said they'd be sending a text through with a code to allow the transaction to be refunded.

Mr D provided the code before reading the full text which stated he shouldn't give the code to anyone. He said he doesn't understand how the scammer had all of the details of his card, including the security number. But in providing the code, the scammer was able to make a payment of £759.

Upon realising, Mr D contacted PayrNet but it said it couldn't help him – it said it wasn't liable for the loss and had been unsuccessful in trying to recover funds from the merchant.

Our investigator considered this complaint. Based on the limited information he had available, he didn't think Mr D had authorised the payment and he also didn't think he'd failed, with gross negligence or intent, to keep his details safe. So, he concluded that PayrNet should refund the payment in full, along with 8% simple interest from the date of the payment until the date of settlement.

Mr D accepted the investigator's findings. PayrNet acknowledged receipt of these findings but didn't provide a response. So the complaint has been passed to me to decide.

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 the investigator – I'll explain why.

The starting position under the Payment Services Regulations 2017 (PSRs) is that PayrNet is liable for unauthorised transactions. Based on Mr D's testimony – which is all I have available – it does appear that a payment was made but it doesn't appear that Mr D consented to the payment in the form, and in accordance with the procedure, agreed between O and PayrNet. Nor does it seem that he gave permission for anyone else to do this on his behalf. I say this because Mr D's testimony suggests that his only involvement in the transaction was to share the one-time passcode (OTP). So, in line with the PSRs, I'm satisfied in this case that the payment was unauthorised.

PayrNet would therefore be liable for the transaction unless Mr D failed to comply with the terms of the account with gross negligence or intent.

While Mr D has admitted to sharing the OTP, he told us he did this on the understanding he would be receiving a refund for a fraudulent transaction. And, while the text message he received referenced a *purchase* made, he told us he didn't read the text in full as he felt rushed into providing the code. So, it was only afterwards that he realised he wasn't supposed to have shared the code with anyone, not even PayrNet. Furthermore, Mr D was persuaded the call was genuine as he doesn't consider PayrNet to be well known, and yet the scammer knew he was a customer.

I do note that it's unclear how the card details were compromised. Mr D hasn't been able to explain this but PayrNet hasn't provided any information in answer to this complaint. With that in mind, I've continued with the information I have available.

I've not seen anything to suggest there was any intent on Mr D's part. So, the remaining question is whether he failed to comply with gross negligence. But, based on the evidence I've received – which is limited only to Mr D's version of events – I don't think Mr D acted with very significant carelessness to fairly conclude he failed with *gross negligence*.

Taking this all into account, I'm not persuaded O is liable for the disputed payment. So PayrNet needs to put things right – by refunding O's losses alongside interest to compensate for the time it's been out of pocket.

My final decision

For the reasons I've explained, I uphold O's complaint and required PayrNet Limited, within 28 days of acceptance of the decision, to:

- Pay O the total of the unauthorised transaction, less any amount recovered of refunded – I understand this to be £759.
- 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 O to accept or reject my decision before 1 August 2023.

Melanie Roberts
Ombudsman