

The complaint

Mr G complains that PrePay Technologies Limited didn't do enough to prevent him losing money to an alleged scam.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here. Mr G says he made a number of payments believing they were going to a company 'E' or its associates. At the time he thought this was a legitimate investment opportunity, but he's since claimed that these payments were made as the result of a scam.

Mr G says there were three payments made in 2018 that totalled £20,000 which were all paid to account number ending 790. He also says there was a further series of payments made between February and September 2020 which together totalled £335,000. He says these payments all went to account number ending 200.

The payments all went to agents of PrePay, the 2018 payments to 'T' and the 2020 payments to 'C'. I note that Mr G also received some credits back into his accounts from E or those associated with it, but overall he is still at a significant loss.

I understand that in early 2022 the UK part of E went into liquidation. In 2022 Mr G complained to PrePay – he said the money he'd sent was never used for its intended purpose. He also requested details of where his payments had been sent on to.

The complaint was referred to our service. Our Investigator then concluded that she couldn't comment on any of PrePay's alleged acts or omissions prior to 31 January 2019, because they were outside our jurisdiction. But she did go on to think about the rest of Mr G's complaint and didn't recommend it should be upheld. In summary she didn't think PrePay were responsible for Mr G's outstanding loss.

PrePay accepted this outcome, but Mr G didn't. He asked for an Ombudsman to review his complaint. I've already issued a jurisdiction decision setting out that I can only consider PrePay's actions on or after 31 January 2019.

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 and for largely the same reasons. I know this will be disappointing for Mr G, so I'll explain why.

I can quite understand why Mr G wants to do all he can to try to recover his funds. But I can only fairly and reasonably ask PrePay to refund any outstanding loss if I think their act or omission was the cause of it.

Account number ending 790

I've already explained in my jurisdiction decision that I can only consider PrePay's actions in relation to this account that took place on or after 31 January 2019. By that point, Mr G says his payments had already credited the account. And the statement evidence I've seen shows that the payments received in that account from Mr G had been paid away soon after arriving. So all I can consider is what PrePay did when informed that the payments had been made as the result of an alleged scam. But here, as the funds had already gone, nothing PrePay did or didn't do at that point would have impacted what could be recovered from that account.

Account number ending 200

I don't think (within the context of my jurisdiction) PrePay failed its monitoring of this account (prior to the arrival of Mr G's payments). The account was used in a way which was consistent with what would be expected for an account of that nature and the business of the accountholder. I've seen evidence of the checks conducted at the time and I also don't think that PrePay failed when opening the account.

And even if what I've said above is incorrect, in the circumstances here, Mr G's own evidence shows that the alleged scammers 'E' had access to multiple accounts with different providers, either directly or through linked enterprises. As such, I don't think anything PrePay did or didn't do, prior to the arrival of Mr G's funds has impacted his loss.

For example, if PrePay should have blocked the account (or never ought to have opened it) it's most likely that E would have directed Mr G to make his payments to another account elsewhere. And so even if there were failures by PrePay prior to the arrival of Mr G's payments, I can't fairly say that but for those failures, the loss would've been prevented.

I also can't fairly say PrePay did anything wrong when crediting Mr G's payments to the account or in allowing the funds they represented to be paid away (which tended to happen within a few days of their arrival) without taking any further steps. I say this because the prior account activity means that the arrival and transfer out of payments of those values wasn't in anyway unusual or suspicious. This was just a continuation of the way in which the account operated.

By the time PrePay were informed of the potential problem with the payments, the funds had long gone from the account. As such, I don't think anything PrePay did or didn't do at that point would have made any difference to whether a recovery could have been made.

I also agree with our Investigator that there isn't any basis upon which I can direct PrePay to share further information directly with Mr G about their accountholders or the destination of payments made from their customers' accounts. I'm confident PrePay would share information with the police upon receipt of a request from them to do so. I'm sorry to hear that Mr G lost such a significant amount of money. But as (within the context of my jurisdiction) I don't think this is something PrePay are responsible for, there isn't a reasonable basis upon which I can require them to do more to resolve this complaint.

My final decision

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 26 March 2024.

Richard Annandale
Ombudsman