

The complaint

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

I understand the recipient account is operated through an agent of PrePay. But for ease of reading, I'll refer to PrePay throughout, but where relevant the reference should be understood as meaning the agent.

What happened

The 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 N says he was the victim of a scam. Across May 2019 and September 2019, he made five payments totalling £8,500 for investment purposes, to a commodity broker called 'E'. The payments were made from his bank account with 'N'. The account which he transferred the money to was held with 'C', who were an e-money agent of PrePay.

In September 2022 Mr N contacted PrePay and said he believed his money was "*never used for the intended purpose*" and that his money hadn't been paid into E's bank account. He asked PrePay to confirm whether it still held that money and if not, he wanted to know where it was transferred to. He also raised a complaint, which wasn't upheld. The matter was referred to our service and our Investigator reached the conclusion that she couldn't reasonably ask PrePay to do anything more to resolve this complaint.

Mr N didn't accept the Investigator's outcome and so the case was passed to me to decide. Having reviewed everything, I intended on reaching the same outcome as the Investigator, in so much as I couldn't ask PrePay to refund Mr N's loss. But I noted some discrepancies between the payment amounts and destination account(s) Mr N believed he'd paid and what the evidence showed. And Mr N had also raised some new points in response to the Investigator's findings, some of which I didn't think we could comment on. So, I wrote to both Mr N and PrePay setting out what I understood the facts to be, clarifying what our service can and can't look into, and explaining in more detail why I'd not been persuaded that PrePay needed to do more to resolve this complaint.

PrePay responded to say it had nothing further to add. Mr N still appeared to disagree, but it wasn't clear whether this was in relation to our jurisdiction or my intended outcome (for what I said I could look into). I've issued a jurisdiction decision separately which sets out the extent of the issues I can consider, so now I can issue my decision about the aspects of Mr N's complaint I do have the power to investigate.

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'm not upholding this complaint. I appreciate the outcome will be disappointing for Mr N, and I'm genuinely sorry to hear about his loss, but I can't fairly and reasonably ask PrePay to refund this. I'll explain why.

Firstly, some of Mr N's submissions focus on why he believes E were operating fraudulently, and why he thinks he's been the victim of a scam. But in the circumstances of this complaint, I don't think I need to make a finding on this matter to reach what I think is a fair and reasonable outcome. I say this because even if I were to accept Mr N has fallen victim to a scam, for me to fairly uphold this complaint, I'd still need to be persuaded that there was a failure that took place between 31 January 2019 and the point at which Mr N's funds were paid away, and but for that failure, Mr N's loss would have been prevented (or more of his funds could've been recovered). It isn't enough just for there to have been a failure, I'd need to be able to conclude that the failure fairly and reasonably caused Mr N's loss. And here, I can't agree this would've been the case. I say this for the following reasons:

- PrePay have shared evidence of the documents it obtained to verify the accountholder's identity; and the checks/due diligence it completed when opening the recipient account. From what I've seen there weren't any failings by PrePay in relation to the opening of the account, and I don't think I can reasonably say that it missed an opportunity to prevent Mr N's loss at that time.
- I also don't think that PrePay failed in its monitoring of the recipient account. The activity before the arrival of Mr N's funds was consistent with what would be expected for an account of that nature and the business of the accountholder. This activity normalised Mr N's payments and the paying away of those funds, so this also wouldn't have appeared unusual or suspicious to PrePay. Therefore, I can't fairly conclude that PrePay not intervening prior to Mr N's funds being paid away was unreasonable.
- From what I can see Mr N first contacted PrePay in 2022 to inform it that he'd made payments to one of its customer's accounts as a result of an alleged scam. By this point the recipient account had been closed some time ago. So, I'm satisfied that there wasn't much more that PrePay could reasonably have done to assist in the recovery of Mr N's funds from that account.

Even if what I've said above about the opening and/or monitoring of the recipient account is incorrect, Mr N's own evidence shows that the alleged scammers had access to multiple accounts with different firms, either directly or through linked enterprises. So I don't think anything PrePay did or didn't do in relation to this recipient account, prior to the arrival of Mr N's funds has impacted his loss. Because even if I'd found that PrePay shouldn't have opened the account, or I thought it should've taken the step of closing or blocking the account, in this case, its most likely Mr N would have been directed to make his payments elsewhere.

Likewise, even if PrePay had failed in its monitoring of the account after the arrival of Mr N's funds or I conclude that it ought to have closed the recipient account at a point before Mr N's funds were paid away (which to be clear is not what I'm saying it should have done), in the specific circumstances of this case, I can't fairly conclude that this would've resulted in a prevention of Mr N's loss either. I say this because I don't think (1) at that point PrePay could have reasonably concluded whether Mr N's payments were fraudulently obtained or decided whether E were operating a scam; and (2) at best if the account operation was outside of its risk appetite, PrePay would have likely ended its relationship, and in the absence of any notifications of alleged fraud (which was the case at the time) all it would have done is, upon closure, transferred any balance which remained to its accountholder. And in that situation Mr N would not have ended up in a meaningfully different position.

Finally, I understand Mr N would really like to know details of where his funds went, and he is disappointed that PrePay hasn't shared this with him. Some of the information Mr N is seeking contains third party data. So in the circumstances, without there being a lawful basis and/or consent from the third party whose data it is, PrePay can't share this with Mr N. Furthermore, payment service providers like PrePay also owe their customers contractual duties of confidentiality. So, I can't say PrePay has acted unfairly or unreasonably when informing Mr N that it can't share this information with him.

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 N to accept or reject my decision before 3 April 2024.

Sonal Matharu
Ombudsman