

## **The complaint**

Mrs W has complained Madison CF UK Limited, trading as 118 118 Money won't refund her for a transaction she didn't make.

## **What happened**

Mrs W opened a credit card account with 118 118 Money in April 2022.

In March 2023 after a series of phone calls that had been cut off, Mrs W noticed her phone working oddly with an arrow appearing as if shadow operations were being carried out. Her phone then switched off. When she was able to start it up again, it had been reset to the factory settings.

Mrs W noticed a transaction of £1,479.99 made to a third-party money transfer service (I'll call X) using her 118 118 credit card account. She reported this as fraudulent. 118 118 Money took a few months to confirm they believed Mrs W had authorised this transaction.

Mrs W brought her complaint to the ombudsman service.

Our investigator considered the evidence provided by 118 118 Money and Mrs W. Mrs W was able to show other fraud had happened or been attempted on two other accounts of hers. These transactions had been blocked and refunded. Our investigator wasn't convinced 118 118 Money's evidence showed Mrs W had authorised the disputed transaction and asked them to refund her, along with the interest paid. As their responses to Mrs W had been delayed, he also asked them to pay her £200 for the trouble caused.

Mrs W accepted this outcome. 118 118 Money didn't. They've asked an ombudsman to consider Mrs W's complaint.

## **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. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

The regulations which are relevant to Mrs W's complaint are the Payment Services Regulations 2017 (PSRs) and consumer credit legislation. These primarily require banks and financial institutions to refund customers if they didn't make or authorise payments themselves when these were executed at a distance, like Mrs W's disputed card transaction.

To help me come to a decision, I've reviewed the evidence 118 118 Money provided as well as what Mrs W has told us.

I believe these transactions were carried out and authorised by a third party and not Mrs W. I say this because:

- 118 118 Money's evidence shows the payment was executed using a different device than the one Mrs W used and was registered to her 118 118 Money account.
- Their evidence doesn't show that any 3DS authorisation request was definitively sent to Mrs W's mobile phone.
- A further transaction also to X was attempted on Mrs W's account, just after the initial disputed transactions. This was blocked by 118 118 Money as this would have taken Mrs W over her credit limit.
- I don't think 118 118 Money's view that Mrs W put her sim into another device to carry out these disputed transactions really stacks up. She'd have been aware of the limitations on her credit limit so I can't see her trying to attempt a transaction she'd have known would be stopped.
- I've seen testimony from Mrs W, supported by one other financial services provider, that she was potentially a victim of malware being used on her device. Both other companies either refunded Mrs W after her complaint or had identified the transaction as suspicious before it took place.
- The disputed transaction involves a payment to X. This resembles the type of fraud we'd see when a third party is trying to access as much money as possible.
- It is not the case under the PSRs that I have to specifically identify a point of compromise to be sure fraud has happened. Nor is it my role to explain how fraud takes place. All I need is to be satisfied there was an opportunity for fraud to take place and based on what I've seen, I'm satisfied this is what happened here.

### **Putting things right**

As I don't believe Mrs W authorised this disputed transaction, 118 118 Money must cancel this and refund all money, including interest and charges, which Mrs W paid towards this debt on her credit card account. Corrections will also be required to Mrs W's credit record.

I note 118 118 Money told Mrs W they had 56 days to consider her complaint but as this complaint falls under the PSRs, they only had 15 days to respond. In any case I can see Mrs W complained in March 2023 and wasn't given a final response until over five months later. I believe this delay will have added to her distress to what had happened and I'm asking 118 118 Money to pay her £200 in compensation.

### **My final decision**

For the reasons given, my final decision is to instruct Madison CF UK Limited, trading as 118 118 Money, to:

- Cancel the disputed transaction made on Mrs W's credit card account of £1479.99 on 28 March 2023;
- Repay all monies Mrs W paid towards this debt, including the interest she was

charged;

- Add 8% interest to those payments from the dates Mrs W paid her credit card account to the date of settlement;
- Ensure corrections are made to Mrs W's credit record; and
- Pay Mrs W £200 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 15 March 2024.

Sandra Quinn  
**Ombudsman**