

The complaint

A company, that I'll refer to as T, complains that PrePay Technologies Limited didn't reimburse it after it fell victim to a scam. Mrs D, a director of T, brings the complaint on T's behalf.

PrePay Technologies Limited provide T's account on behalf of Mettle. For ease, I'll only refer to PrePay, as it's ultimately responsible for the complaint.

What happened

- T sent a faster payment for £9,710.00, under the impression she was buying a shepherd's hut via an online marketplace.
- Having realised it was a scam, she reported the matter to PrePay. They declined to refund T for its losses, maintaining that T is responsible for payments it makes, and it couldn't recover any of the money it had sent.
- Unhappy, T brought its complaint to our service to investigate. I gave my provisional findings that I didn't think PrePay ought to put things right. In summary, I explained the starting position was that T is liable, and I wasn't persuaded that the payment looked so unusual that PrePay ought to have stepped in beforehand.
- Mrs D disagreed – she believed the payment ought to have stood out, highlighting why other comparably sized payments were different to this one.

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 persuaded PrePay ought to put things right for these reasons:

- In broad terms, the starting position is that PrePay is expected to process payments T authorises it to make, in accordance with the Payment Services Regulations 2017 and the terms and conditions of the account. That means T is presumed liable for the loss in the first instance.
- However, there are circumstances when it might be appropriate for PrePay to take additional steps before processing a payment. Such as when there are grounds to suspect the payment presents a fraud risk. That might occur when a payment is significantly unusual or uncharacteristic compared to the normal use of the account.
- Looking at T's account history, I'm not persuaded this payment appeared so uncharacteristic that Prepay ought to have suspected T was falling victim to a scam. It had previously made similar size payments. I appreciate the distinctions Mrs D has drawn about the nature of those earlier payments – for example, they were to known payees or to business accounts. But I still consider them relevant to what level of

account activity PrePay would be expecting to see from T, and what it would consider significantly uncharacteristic and risky.

- I'm also not persuaded there were other signs here that made the payment particularly suspicious – for example, it didn't drain the balance of the account, it wasn't split into smaller payments, and it came from a trusted device. And while I appreciate businesses like T may commonly pay business accounts, I don't think the fact that this was a new payee with a personal account looked especially risky. After all, there are many legitimate reasons a business might pay someone in these circumstances. Indeed, while the account ultimately belonged to a fraudster, this was a purchase T legitimately wanted to make.
- Taking this all into account, I don't consider it remiss that PrePay processed the payment in line with the instructions received without completing further checks.
- As well as whether PrePay ought to have prevented T's losses, I've considered whether it could have done more to recover them. But, having looked at the receiving bank's records, T's money had already moved on by the time Mrs D reported the scam. So I don't think there's anything PrePay could've done that would've made a difference to T's chances of recovering the money.
- I do appreciate how disappointing this will be for Mrs D, who has clearly fallen victim to a cruel scam. But in all the circumstances, I don't think PrePay can be blamed for failing to stop or recover T's losses. And I don't think there's anything else in the circumstances of this case that means PrePay should fairly put things right. So I don't uphold T's complaint.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 17 April 2024.

Emma Szkolar
Ombudsman