

The complaint

A company, which I'll refer to as C, complains that PayrNet Limited won't refund a payment it didn't make.

Miss D, who is a director of C, brings the complaint on C's behalf.

ANNA Money, who C's account is with, is an agent for PayrNet. For ease, I'll mainly refer to ANNA throughout the decision, although PayrNet are ultimately responsible for this complaint.

.What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. The facts are not in dispute, so I'll focus on giving the reasons for my decision.

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 for these reasons:

- ANNA has seemingly accepted this concerns an unauthorised payment. However, it's declined to refund this under the Payment Services Regulations 2017 (PSRs) because it asserts Miss D failed with gross negligence to comply with the terms of the account and keep C's personalised security details safe.
- In saying that, it's pointed out how Miss D shared a code from an email she received from ANNA alongside her app PIN – and that it was these details that facilitated a fraudster making the unauthorised card payment.
- To assess whether Miss D failed with gross negligence, I've reflected on the circumstances of the scam. She recalled she received a call from someone who claimed to be from ANNA's fraud team, who was able to relay information about C. They asked her to confirm a transaction, which Miss D didn't recognise. As a result, she was asked to relay a code that they'd send her by email to close the account and stop money from being taken.
- Given the information they knew about C and how the email came through from ANNA when she'd been told to expect it, I can see why Miss D believed the call was genuine and why she followed their instructions in the heat of the moment.
- It's not entirely clear how the fraudsters came to know Miss D's PIN to access the ANNA app, as she can't recall sharing any further information. But I accept, in the absence of any other persuasive evidence, it's likely she did.

- However, given what we know about the circumstances of this scam, I think it's likely she was similarly tricked into sharing this under the guise of keeping C's money safe. And given the trust they established and the concern they created that she needed to act to stop C from losing money, I can understand why she shared it when they asked.
- This isn't to say Miss D acted perfectly reasonably – it's possible to call her actions careless. But, having considered the circumstances carefully, I'm not persuaded ANNA has shown she acted with *very significant* carelessness to conclude she failed with *gross* negligence.
- It follows that, in line with the PSRs, I don't consider C can be fairly held liable for this unauthorised payment and ANNA needs to put things right – by refunding its losses from the payment alongside 8% simple interest per year to compensate it for the time it's been out of pocket.

My final decision

For the reasons I've explained, I uphold C's complaint. PayrNet Limited must:

- Pay C the total of the unauthorised payment less any amount recovered or already refunded. I understand this to be £2,000.92.
- Pay 8% simple interest per year on this amount, from the date of the unauthorised payment to the date of settlement (less any tax lawfully deductible).

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 21 May 2024.

Emma Szkolar
Ombudsman