

The complaint

Mr C complains that PayrNet Limited is holding him liable for a transaction he didn't make or otherwise authorise.

Mr C holds an account with Pockit who provide services on behalf of PayrNet. For ease, I'll mainly refer to Pockit in my decision, but it is PayRNet Limited who ultimately holds responsibility for this complaint.

What happened

On 25 December 2022, Mr C contacted Pockit and explained he'd noticed a debit transaction for £2,000 on his account from the day before which he didn't recognise.

After requesting further information, Pockit contacted the beneficiary bank and raised an indemnity. When he didn't hear back, Mr C chased Pockit numerous times for an update before ultimately making a complaint.

Pockit apologised for the length of time it took to respond to Mr C and offered £25 compensation to recognise this. It said it didn't hear back from the beneficiary bank within the expected timescales, so it concluded that the funds weren't recoverable. Pockit refused to refund the disputed transaction and said there were no failures on its part in safeguarding Mr C's account.

Unhappy with this, Mr C brought his complaint to our service. In response to our request for its file, Pockit maintained its stance in relation to the disputed transaction. But it said it was willing to increase the compensation for the customer service delays to £75 (inclusive of the original amount offered).

Our investigator thought it was fair for Pockit to treat the transaction as authorised a point of compromise of Mr C's security details, which were then used to make the transaction, hadn't been found. They also thought the revised compensation Pockit had offered was fair.

Mr C didn't agree with the investigator's findings and so the complaint has come to me for a 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.

I'd like to reassure both parties that although I've only given an overview of what happened, I've read and considered everything we've been provided in its entirety.

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

Where there's a dispute about what happened, and the evidence is incomplete or contradictory, I must make my decision on the balance of probabilities – in other words, what I consider most likely to have happened in light of the available evidence.

Generally, Pockit can hold Mr C liable for the disputed transaction if the evidence suggests it's more likely than not that he made or authorised the transactions himself or gave consent to someone else to do so.

In this case, the technical data Pockit has provided shows that on the relevant day access to Mr C's Pockit account was gained first via an android device and then on a web browser, using Mr C's personalised security credentials on both occasions.

Pockit has explained that the log-in process involves entering a username, password, and then either (1) answering a security question (if the device hasn't been used before) or (2) verification via email (if a 'trusted' device has been used). Pockit states no new devices were added to Mr C's profile during the relevant period.

Given Mr C's personalised security details were used here to log in and then make the payment, I'm satisfied that the transaction was authenticated correctly. But the regulations relevant to this case say that authentication isn't, on its own, enough for Pockit to hold Mr C liable. I also need to think about whether the evidence suggests that he, or someone acting with his authority, consented to the transaction being made.

To decide whether Mr C – or someone acting with his authority – made the transaction, I've carefully considered what he's told us about what happened. And I've considered that in conjunction with a review of the available evidence.

Mr C has told Pockit and our service that he didn't disclose his security details to a third party. He's also said his phone was always with him.

For a third party to have been able to log in to Mr C's account and then make the transaction, they would need to know his login information i.e., username and password, and either correctly answer the security question or have access to Mr C's email inbox to complete the email verification process.

As Mr C has confirmed that he didn't disclose his personalised security details to anyone else, had his phone in his possession during the relevant time, and there's no suggestion that someone else had access to his email inbox, I can't see how the transaction could have been made without some form of involvement on Mr C's part.

There may be more to what happened here than we've been made aware of which might shed some light on how Mr C's security details could have been compromised. But Mr C confirmed to the investigator that he didn't click on any suspicious links or answered any unsolicited calls.

I recognise that Mr C will likely be disappointed with this outcome. But based on the available evidence, I can't safely conclude that Pockit has been unreasonable in holding him liable for the transaction.

I've also considered the customer service delays. From what I can tell, it took more than three months for Pockit to give Mr C an outcome to his fraud claim. During this time, he chased the business several times. I've seen the correspondence and can see that each time he had to explain the situation again. Having thought carefully about this, I consider the revised amount of £75 which Pockit has since offered to be fair compensation in the circumstances.

My final decision

For the reasons given above, I've decided that PayrNet Limited doesn't need to refund the disputed transaction. I've also decided that the increased compensation of £75 which it has offered following our involvement is fair. Therefore, I uphold this complaint in part.

If it hasn't already done so, PayrNet Limited must pay the compensation within 28 days of the date on which we tell it Mr C accepts my final decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 20 June 2024.

Gagandeep Singh
Ombudsman