

The complaint

Miss M complained because PSI-Pay Ltd refused to refund her for transactions for £45 and £450 which she said she didn't make.

What happened

On 14 November 2023, Miss M's phone was used and a new payee was set up on Miss M's Pockit account. Two payments made to the new payee, one for £45 and the other for £450. Setting up and making payments to a new payee required the person setting it up to log in securely to Miss M's account, and also to answer to a security question.

Miss M contacted Pockit soon after the payments had been made, and said she hadn't made them. She answered the questions it asked her. She said no-one else knew her online login details or password, and she hadn't written these down or given anyone else access. She said that in September she'd been burgled and her phone had been stolen. On 14 November, she'd had her phone with her at all times, and she lived alone so no-one had access to it. She said it wasn't possible that anyone had used her device, and absolutely no-one knew her password or security answer.

Miss M chased for a response from Pockit, which asked her the same questions on chat. She complained.

On 15 December, Pockit replied to Miss M's complaint. It said the two disputed payments on 14 November had been made using Miss M's registered phone. It said both the password and security question had been answered correctly when logging in. So it said Miss M needed to discuss it with whoever could have correctly known her password and security question and would have had access to her phone around 9am on 14 November.

Miss M replied that there was no possible way this could be true. She said she'd been alone and the phone had been in her possession. She said Pockit had either misjudged something, or it was an under-handed way of Pockit getting out of taking responsibility.

Miss M contacted this service. She told our investigator that she'd never made genuine payments to the payee, and didn't know him. She confirmed that she logged into online banking using a password, and Face ID.

Our investigator didn't uphold Miss M's complaint. She explained that the disputed transactions had been made online by bank transfer to a new payee. And to add a new payee, a customer had to log into online banking or log in through their banking app, then fill in the recipient details and answer a security question before the payment would be processed. Miss M had said she lives alone and no-one knows her banking details, nor has access to them, and she hadn't shared them with anyone.

The investigator also noted that Miss M had said her phone had been stolen in a burglary, which might be how an unknown third party had made the transactions. But Miss M told Pockit the model of the phone she'd had – and the phone which had been used to make the disputed transactions wasn't that model. Instead it was the model which Miss M currently

used. And the IP address – a unique computer identifier – used to make the disputed transactions was the same as the one which Miss M had used to block the card.

So the investigator considered Miss M had authorised and consented to the transactions, and she didn't uphold the complaint.

In relation to a separate issue, Pockit notified the investigator that it was offering Miss M £100. Miss M hadn't raised this as a complaint with this service, so the investigator passed on Pockit's offer about the separate matter, but didn't comment on it. It's up to Miss M to discuss that with Pockit separately, and this service can't comment on it.

Miss M didn't agree with our investigator's view about the two disputed transactions. She said she was in total disbelief that the investigator had ruled in favour of Pockit. She said it was impossible for the disputed transactions to have been made from her IP address or phone. And in relation to the knowledge of her passwords and security answers, Miss M said fraudsters have been accessing those whichever way they do, for years. She said Pockit had refused to refund other disputed transactions too.

Miss M also said she had no knowledge of the recipient. She asked for an ombudsman's 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.

First, I'll clarify what this decision covers. It covers the specific complaint which Miss M first raised with us – Pockit's refusal to refund her for disputed transactions for £45 and £450 made on 14 November 2023. I can't comment on any other disputes between Miss M and Pockit.

What the Regulations say

There are regulations which govern disputed transactions. The relevant regulations here are the Payment Services Regulations 2017. In general terms, the bank is liable if the customer didn't authorise the payments, and the customer is liable if they did authorise them. The regulations also say that account holders can still be liable for unauthorised payments under certain circumstances – for example if they've failed to keep their details secure to such an extent that it can be termed "*gross negligence*."

So what I have to decide is whether it's more likely than not that Miss M authorised the disputed payments. If she allowed someone else to have access to her device and security information, that counts as Miss M authorising the disputed payments herself.

Who is more likely than not to have authorised the disputed transactions?

Miss M's evidence is that she didn't make the disputed payments, and nor did she share her phone or security information. I've looked closely at the technical computer evidence, which independently shows how the disputed transactions were carried out.

This technical evidence shows that on the day of the payments, Miss M's registered phone was used to log into her Pockit account at 8.49 am, using the password. The new recipient was then created at 8.51 am and the person entering those details entered Miss M's correct security answer, which was verified. The payments were then made at 8.56 am and 8.57 am.

About an hour later, there was another login to Miss M's registered phone. The security answer was entered correctly and the card was then blocked at 10.06 am. This tallies with Miss M's evidence that she logged on soon after the disputed transactions. Importantly, the IP address for where Miss M herself blocked the card was the same as the one used to make the disputed £45 and £450 payments.

Miss M has also told us that her phone was protected by password and Face ID. I consider that the use of biometric data to access the phone means it's very unlikely that any third party could have accessed it without Miss M's consent.

Miss M said her phone had been stolen in September in a burglary. I'm sorry to hear that she suffered a burglary. But the phone which was used to make the disputed payments wasn't the one which was stolen, which was a different model. The phone used to make the disputed payments was the one with which Miss M had replaced the previous phone, and which she used for undisputed activity on the account.

So whoever made the payments:

- had access to Miss M's current registered phone – which Miss M said was protected by a password and by Face ID;
- knew Miss M's security information for accessing her Pockit account, including for logging on, and the security answer;
- was located at the same IP address as Miss M used around an hour later to block the account.

In view of these factors, I can't see how the transactions could have been carried out other than by Miss M herself, or by someone to whom she allowed access. This means that Pockit doesn't have to refund her.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 7 November 2024.

Belinda Knight
Ombudsman