

The complaint

L complains New Wave Capital Limited trading as Capital on Tap wouldn't refund a transaction on the company's account that its director says it didn't make or authorise.

L is represented by Mr L.

What happened

L disputed a payment to a holiday company on 18 June 2024 for £4,578.47. Capital on Tap said it wouldn't refund it because it had been made using the additional cardholder, Mrs L's card details and approved by a One Time Passcode (OTP) which had been sent to her mobile phone number.

Because Capital on Tap wouldn't refund the transaction, Mr L approached the holiday company and eventually the holiday company refunded £4,228.47 to L directly. This left an outstanding amount of £350. As L remained unhappy, Mr L referred the company's complaint to our service.

An Investigator considered the circumstances. Following our Investigator's involvement, Capital on Tap said it was willing to refund the outstanding £350 to L and pay it £100 in recognition of the inconvenience that had been caused in order to resolve the complaint – though Capital on Tap's position remained that the payment must have been authorised. Our Investigator thought this was a fair way to resolve things.

Mr L didn't want to accept this in resolution of the company's complaint. He said he wanted a published decision from an Ombudsman because the amount of compensation was insufficient and because he wanted to highlight the lack of admission from Capital on Tap that their system was flawed.

As L didn't agree, the complaint's been passed to me to decide.

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.

Under the Payment Services Regulations 2017 (PSRs), Capital on Tap can hold L liable for any transactions it made or authorised.

There's no dispute the payment in question was made using the additional cardholder's card details. Mr L has told us Mrs L's card has never been out of her possession and they don't know how her card details could have been obtained by an unauthorised party. So it's unclear how Mrs L's card details came to be used to make the transaction.

Capital on Tap has provided evidence an OTP was sent to Mrs L's registered phone number and then used to authenticate the payment. So I'm satisfied it was sent and then used to

authenticate the disputed payment. Mr L says Mrs L's phone was always in her possession and couldn't have been accessed by someone else.

Mr L has told us this OTP was not received by Mrs L and was not shared with anyone. I acknowledge how strongly Mr L feels about this and how certain he is that the OTP was not received. Mr L thinks it's possible Mrs L has been the victim of an "OTP hack" as he's seen videos available online showing how to do this. But he hasn't explained specifically why he thinks that's what has happened or how that would have been possible in the case of the OTP sent to Mrs L's phone. So beyond Mr L's assertion I haven't seen any other evidence to substantiate this. So I don't think it's more likely than not, the OTP was obtained by an unauthorised party accessing Mrs L's phone in this way.

Based on what Mr L has told us, I'm not persuaded the transaction could have been made by an unauthorised party in the circumstances he's described.

In any event, Capital on Tap have now offered to refund the remaining £350 of the disputed transaction and pay L £100. So what remains for me to consider is whether this is fair and reasonable in resolution of this complaint.

For the reasons I've explained, I don't think Capital on Tap was unreasonable to conclude the payment was authorised. But as its now agreed to refund the remaining disputed amount, I think that's fair in the circumstances.

Mr L is also concerned that there is a flaw in Capital on Tap's system which has allowed the OTP to be intercepted and used for the disputed transaction. And he wanted £1,000 in compensation to reflect the time he and Mrs L spent trying to sort things out, as well as the interest charged to L's account as a result of the disputed transaction. But, I haven't seen anything which would suggest the transaction took place because of something Capital on Tap did. So I don't think it is more likely than not that the transaction took place because of a mistake made by Capital on Tap.

However, I do understand Mr L's concern given that the holiday company has told Mr and Mrs L the booking for which Mrs L's card was used, was not in her name (or any name linked to them or their business) and has agreed to refund the large majority of the disputed payment as a result. I also recognise that Mr and Mrs L did spend time sorting things out and would have been worried to find such a significant amount had been taken from L's account. But in the context of this complaint, L is Capital on Tap's customer not Mr and Mrs L. So I could only consider compensation in respect of any impact on the company and not Mr and Mrs L as individuals. And as I don't think it was unreasonable for Capital on Tap to conclude the payment was authorised, I find the £100 its offered is fair and reasonable in the circumstances.

My final decision

Capital on Tap have offered to refund £350 and pay L £100. I'm satisfied in all the circumstances that's fair and reasonable in resolution of this complaint.

So I require New Wave Capital Limited trading as Capital on Tap to refund £350 to L's account and pay it £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask L to accept or reject my decision before 11 July 2025.

Eleanor Rippengale

Ombudsman