

The complaint

Mr P (on behalf of a limited company which I'll call H) has complained that Prepay Technologies Ltd (trading as "Mettle") failed to protect H from falling victim to an impersonation scam.

What happened

The background of this complaint is already known to both parties, so I won't repeat all of it here. But I'll summarise the key points and then focus on explaining the reason for my decision.

Mr P has used a professional representative to refer company H's complaint to this service. For the purposes of my decision, I'll mainly refer to Mr P, but I'd like to reassure Mr P and his representative that I've considered the complaint with company H as the eligible complainant, and I've read everything both parties have said.

Mr P complains that in June 2023 he lost £3,635 as part of a purchase scam, in which he sent a payment to an individual ("the scammer") for the purchase of a van via an online marketplace. He's explained that the online advert showed several photos of the can and appeared to be a reasonable deal for the advertised price. Mr P did some research on the van using its registration plate details and didn't find anything concerning.

Mr P says he contacted the company selling the can and they provided him with more pictures and a video of the van. He also says the company was a registered business, and a contract was created which both parties were happy to sign. Mr P visited a bank branch to make the payment to the seller, in order to start the delivery procedures.

Mr P says that on the day the van was due to be delivered it didn't arrive. He attempted to contact the seller but he found the number had been blocked and all efforts he made to communicate with them went unanswered.

Mr P says that Mettle called him during the payment process to authorise the payment. But he says its lack of probing questions meant he didn't realise he was being scammed. So he thinks Mettle is responsible for his loss as it didn't do enough to protect him.

Mr P made a complaint to Mettle, but Mettle didn't uphold the complaint., so Mr P referred it to this service.

Our investigator considered everything and thought the complaint should be upheld with liability split between Mr P and Mettle. She didn't think Mettle had done enough to intervene, but she also thought Mr P could've prevented the loss by doing more checks.

As Mettle didn't accept the investigator's opinion, the case has been passed to me to make 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.

Having done so I agree that the complaint should be upheld. I'll explain why.

In broad terms, the starting position is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And in this case it's not in question whether Mr P authorised these payments from leaving his account. It's accepted by all parties that Mr P gave the instructions to Mettle and Mettle made the payments in line with those instructions, and in line with the terms and conditions of Mr P's account.

But that doesn't always mean that the business should follow every instruction without asking further questions or intervening to ensure requests coming from their customers are firstly genuine, and secondly won't result in harm.

I've reviewed the transactions for H and the transaction for £3,635 was higher than any other transaction that had been made in the preceding six months. I accept Mettle's comment that business accounts generally process larger than personal accounts, but given what it knew about how H's account was used, I think Mettle should've taken steps to be reassured the payment in question was firstly legitimate, and as far as reasonably possible, to ensure it wouldn't result in financial harm.

In the file Mettle provided this service when the complaint was referred here it said it didn't speak to Mr P before the payment was made, but that it showed a general scam warning in its app. It also said that it asked questions related to the payment purpose and showed a more specific warning relevant to the purpose provided, after this had been selected.

I asked Mettle to provide more information on the way Mr P answered its questions about the payment purpose, and for evidence of the warnings it subsequently displayed. But in response Mettle said that at the time this payment was made, in June 2023, it didn't have the payment journey options that it has today. It didn't provide evidence of asking questions about the payment purpose, or displaying any tailored warnings, so I've assumed that's what it means by "payment journey options". It provided what it said was evidence that it showed a general fraud warning, but this was a screen shot showing the steps Mr P took to add the payee – which doesn't include any reference to fraud or scam warnings.

With this in mind, I'm not persuaded that Mettle did what it needed to do before this payment was sent. The payment was larger than any other payment and made to a new payee, and Mettle hasn't evidence that it engaged with Mr P sufficiently to make him aware of scams, and to satisfy itself that the out-of-character payment wouldn't result in financial harm.

So the starting position is that Mettle should refund the money Mr P lost as a result of the scam.

Is Mr P responsible for any of his losses?

In considering whether Mettle did what it should've, in fairness to all parties I've also considered whether Mr P did enough to mitigate – or prevent – his losses.

I'm aware that the online marketplace in question advises against sending bank transfers, but instead it recommends paying sellers using its payment system. And I'm also mindful that Mr P sent the payment without having seen the vehicle in real life. This, as well as the

fact that the company name that Mr P sent the payment to didn't match the company he'd allegedly been dealing with, makes me think Mr P could and should have done more to protect himself from financial harm before making this payment. So I think it's fair and reasonable for Mr P and Mettle to share joint responsibility of the losses.

Putting things right

I require Mettle to put things right in the following way:

- Pay Mr P 50% of the loss he incurred as a result of this scam and;
- Add 8% simple interest* to the payment, from the date it left Mr P's account to the date of settlement.

*If Mettle considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr P how much it's taken off. It should also give Mr P a tax deduction certificate if he asks for one.

My final decision

I uphold Mr P's complaint against Prepay Technologies Limited and require the business to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask H to accept or reject my decision before 13 November 2024.

Sam Wade
Ombudsman