

## **The complaint**

Company C complains that PayrNet Limited hasn't refunded transactions they didn't authorise.

## **What happened**

Mr W brings this complaint as a director of Company C, which holds a business account with PayrNet.

Mr W says that he had his phone stolen on 26 April 2024 whilst on holiday abroad. The thief then withdrew money from his personal account into Company C's business account, and from there made thirteen transactions totalling £4,738.73.

Mr W reported the transactions to PayrNet on 29 April 2024. PayrNet suspended the account pending an investigation, and concluded it was unable to refund the transactions because they'd been authorised. It said it had reached out to the beneficiary bank to try to recover the funds, but no funds remained, and it wasn't able to share information regarding the suspension of the account.

Mr W wasn't satisfied and so he complained to this service. He explained that the phone could be opened using a PIN, and biometrically using Face ID. He believes the thieves captured an image of his face using high resolution cameras and then used the image to access his phone and apps. He said he didn't have the physical card, but it was on Apple Pay, and a PIN wouldn't have been required.

He also complained about the delays to PayrNet's investigation and the fact the account suspension left him unable to access his funds, or the live chat. He said he'd lost earnings totalling £1,000 due to the time spent on calls with PayrNet, and that some of its staff were rude and unhelpful, which caused additional stress. He said it should have given him a point of contact so he could provide information and get regular updates.

Our investigator thought the complaint should be upheld. She explained that PayrNet had shown that the transactions were authorised by either Face ID or PIN, but it couldn't differentiate between the two. She didn't think Mr W's image was taken from a camera image and used to access the device, rather she thought 'shoulder surfing' was a more likely explanation for the compromise of the PIN, which was the same for Mr W's phone and both accounts.

She explained there were several transactions which suggested a third party was in possession of Mr W's device. At 05:15 and 05:16, there were two declined transactions due to the balance being too low, indicating that someone was trying to use the account without knowing the balance. At 06:36 and 06:39 there are two further declined transactions to a cryptocurrency platform, which was unusual for the account.

She further noted that there was an influx of credits from Mr W's account with Bank H, and that this was a typical pattern of fraudulent spending. She also commented that some payments were blocked, and questions were sent to Mr W's device, only one of which was

answered convincingly. And the responses on the online chat were in broken English. Again, she felt this showed someone else was in possession of the device.

Our investigator further explained that the spending pattern changed again to declined ATM withdrawals when the internal payments from Bank H were declined. Again, this showed the person didn't know the available balance and spending limits.

Our investigator felt Mr W reacted appropriately upon discovering his phone had been stolen and made HSBC aware of the theft as soon as reasonably possible the following morning, including buying a new phone. She concluded that PayrNet should refund 50% of the disputed transactions (because there were two banks involved).

Finally, our investigator said she was satisfied that the account had been closed in line with PayrNet's policies and procedures.

PayrNet has asked for the complaint to be reviewed by an Ombudsman.

### **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 conclusion as our investigator. And for largely the same reasons.

#### *Authorisation*

Authorisation has two limbs – authentication and consent. So, PayrNet needs to show the transactions were authenticated, as well as showing Mr W consented to them.

#### *Authentication*

PayrNet has shown that the disputed transactions were made on Mr W's device using either Face ID or PIN. So, I'm satisfied the disputed transactions were authenticated.

#### *Consent*

Mr W told us that his phone was stolen and that it could only be unlocked either by PIN or biometrically using Face ID. Our investigator has suggested that the transactions were likely authorised using the PIN which was obtained by the thieves by 'shoulder surfing' at some point before the phone was stolen. I agree this is a possible point of compromise and that it's more likely than Mr W's suggestion that thieves captured an image of his face which was then used to access his phone and apps.

I've also considered the pattern of payments, and I consider the two declined transactions due to the balance being low, declined payments to a cryptocurrency platform, and credits into the account from Bank H before being paid out again are all consistent with the phone having been in the possession of a third party. This is further supported by the incorrect responses given when payments were blocked, and the fact Mr W reported the disputed transactions to both banks and bought a new phone when he returned to the UK.

Overall, I'm satisfied that it's more likely than not that the disputed transactions were made by the person who stole Mr W's phone, without his consent. Therefore, PayrNet hasn't shown that the transactions were properly authorised.

Because Bank H has refunded 50% of the disputed transactions, I agree with our investigator that PayrNet should refund 50%.

### *Compensation*

I don't think PayrNet needs to pay any compensation.

### **My final decision**

My final decision is that PayrNet Limited should:

- refund 50% of the disputed transactions.
- pay 8% simple interest\*, per year, from the respective dates of loss to the date of settlement.

\*If PayrNet Limited deducts tax in relation to the interest element of this award it should provide Company C with the appropriate tax deduction certificate.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 20 October 2025.

Carolyn Bonnell  
**Ombudsman**