

The complaint

Mrs R is complaining about Prepay Technologies Ltd (Mettle) because it declined to refund money she lost as a result of fraud.

What happened

On 24 January 2024, Mrs R received a call from a scammer claiming to be from Mettle. The call was preceded by a text message that appeared to be from Mettle relating to a fake payment and the scammer successfully spoofed a Mettle phone number to make it appear the call was genuine. During the call, the scammer took Mrs R through a series of actions she says she believed were to protect her account but actually resulted in a card payment of £5,368.26 that ended up with the scammer.

Our investigator didn't recommend the complaint be upheld. He felt Mettle provided adequate warning about scams before the payment was authorised.

Mrs R didn't accept the investigator's assessment and made the following key points:

- The scammer didn't say money would be leaving her account. She instead understood the it was part of a process whereby she was changing her account number and sort code to regain control of her account.
- She also received a text message during the call that appeared to be from Mettle.
- The payment was significant (higher than the payments she usually made) and went to a new payee. Mettle should have identified she was at risk from fraud.
- She didn't receive the in-app warning Mettle says she was shown.
- She acted promptly to have the account blocked after the payment was made.

The complaint has now been referred to me for review.

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 overall conclusions as the investigator. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

In this case, it appears the scammer was able to successfully spoof Mettle's number so it appeared the calls and text messages she received were from that institution. This is a

technique often employed in more sophisticated scams and I can see how it would have helped convince Mrs R the caller was genuine and to go along with what she was being told to do. But unfortunately, this isn't something Mettle can realistically and I can't reasonably hold it responsible for the fact its number was spoofed in this way.

In broad terms, the starting position at law is that an Electronic Money Institution (EMI) such as Mettle is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this case, Mrs R authorised the above payment by taking the actions in the app that were necessary for it to be made.

There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Mettle also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Mettle acted fairly and reasonably in its dealings with Mrs R.

The payment

I must take into account that many similar payment instructions received by Mettle will be entirely legitimate. Having considered what Mettle knew about the payment at the time it received the payment instruction, I'm not persuaded it ought to have recognised there was a high risk it was part of a scam.

While the payment was to a new payee and for a higher amount than Mrs R had made previously, this was a business account (which are often associated with higher payments), it was a single payment, and the account was left with a large positive balance (over £16,000) afterwards. So I don't think the payment was sufficiently unusual to warrant Mettle refusing it or otherwise contacting Mrs R to ask about the circumstances in which it was being made.

This notwithstanding, Mettle has said Mrs R was shown the following warning message before she approved the payment:

Approve payment?

Mettle will never call you to approve or decline a payment over the phone. If you've been asked to do this, hang up and contact us right away.

In the context of what it knew about the payment, I think this was a proportionate response to the risks it presented and once Mrs R had selected to approve the payment, I think Mettle was entitled to believe it was legitimate and to process it in line with the instruction.

I note Mrs R has said she didn't receive the warning message, but I understand it was part of Mettle's automated process. On balance, I think it's more likely the warning was displayed, although I understand Mrs R may not remember it given everything that was going on at the time and the sense of panic the scammer was trying to generate.

I want to be clear that it's not my intention to suggest Mrs R is to blame for what happened in any way. She fell victim to a sophisticated scam that was carefully designed to deceive and manipulate its victims. I can understand why she acted in the way she did. But my role is to consider the actions of Mettle and, having done so, I'm not persuaded these were the cause of her losses.

Recovery of funds

I've also looked at whether Mettle could or should have done more to try and recover Mrs R's losses once it was aware that the payments were the result of fraud. On this point, I do recognise that Mrs R reported the scam promptly but unfortunately by that time it was already too late for Mettle to be able to stop the payment leaving her account.

As the payment was made by card, I've considered whether Mettle should have tried to recover the money through the chargeback scheme. This is a voluntary agreement between card providers and card issuers who set the scheme rules and is not enforced by law. A chargeback isn't guaranteed to result in a refund, there needs to be a right to a chargeback under the scheme rules and under those rules the recipient of the payment can defend a chargeback if it doesn't agree with the request.

We'd only expect Mettle to have raised a chargeback claim if it was likely to be successful and it doesn't appear that would have been the case here. In the first instance, the payment actually went to a third party payment service provider that then moved the money onto its final destination. Mrs R's disagreement is with the scammer, not the payment service provider and it wouldn't have been possible for Mettle to process a chargeback claim against the scammer as she didn't pay them directly.

In conclusion

I recognise Mrs R has been the victim of a cruel scam and I'm sorry she lost this money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I think Mettle acted fairly and reasonably in its dealings with her and I won't be telling it to make any refund.

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 Mrs R to accept or reject my decision before 15 April 2025.

James Biles
Ombudsman