

The complaint

P, a company, complains that Prepay Technologies Ltd ('Prepay') won't refund payments that happened as part of a scam.

Mr L, a director of P, brings the complaint on P's behalf.

What happened

The details of this complaint are well known to both parties, so I'll only briefly summarise the key events and instead focus on the reasons for my decision.

Mr L disputed three faster payments from P's account to an individual that happened in September 2022 for £4,193.00, £5,118.40 and £4,000.00.

Prepay rejected P's claim and declined the subsequent complaint, because it couldn't find a point of compromise that suggested these were taken fraudulently.

Unhappy with the response, Mr L brought the matter to our service where our investigator also didn't uphold the matter. Mr L didn't accept this and requested an ombudsman's decision. In summary:

- He considered that his complaint ought to be considered under the Contingent Reimbursement Model (CRM)
- He considered the circumstances of the scam hadn't been properly investigated, and other explanations for how this happened hadn't been adequately considered
- Mr L disagreed P made similar payments before, and it's liable for the losses

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 for these reasons.

Mr L shared WhatsApp messages which support that P fell victim to a scam, which I'm sorry to read about. It's my role to decide whether it's fair to hold Prepay, as P's account provider, responsible for its losses from this scam.

There are various rules and codes that mean victims of scams ought to be refunded in some circumstances. But to be clear, there isn't an overarching, general expectation that firms like Prepay ought to refund victims of scams.

Mr L submits that NatWest and not Prepay is responsible for this complaint – and, therefore, that these payments should be considered under the Contingent Reimbursement Model (CRM), which NatWest was signed up. But P had a Mettle *e-money* account which was provided by Prepay, and the applicable terms and conditions from the time are between Prepay and P. NatWest instead provided Mettle's *bank* account, which was seemingly

introduced after P's account was closed.

It follows that I don't consider the CRM Code is relevant here, as this was a voluntary code that Prepay wasn't signed up to. That means the starting position is that Prepay is liable for unauthorised payments and P is liable for authorised payments, in line with the relevant law from the time. Accordingly, that is my first question.

Were the disputed payments authorised?

Whether a payment is authorised is governed by the Payment Services Regulations 2017 (PSRs). Broadly, these say that P, or someone acting on its behalf, must consent to the payment being made. The PSRs specify how consent is given: it must be in the form, and in accordance with the procedure, agreed between him and Prepay.

P's agreement with Prepay from the time explains that it'll treat a payment as authorised if '*the transaction was authorised from the Mobile Application using the required entry passcode or credentials and that the payee had been approved.*'

Prepay's technical data supports that the disputed transactions were set up via online banking – and the logins were confirmed as genuine via emails sent to Mr L. The payments were then approved using the mobile app, which was on devices that appeared to belong to Mr L. I've also noted that the WhatsApp messages show how Mr L repeatedly followed the fraudsters' instructions, like sharing sensitive information and approving matters when asked. And overall, it appears from these conversations that the fraudster duped Mr L into believing his accounts were at risk and that his money had been sent to some sort of safe account and would be refunded.

Taking this all into account, I think it's more likely than not that Mr L, or someone that appeared to act or did act with his permission, took the agreed steps that authorised these payments. That's not to say that Mr L understood all the details of the payments or intended to make them – I accept he was cruelly tricked. But this isn't the test for regarding a payment as authorised.

I also accept it's possible that something else happened here – like, as Mr L has submitted, that fraudsters were able to control his devices. But civil disputes like these are only ever decided on the balance of probabilities – in other words, what's *more likely than not* to have happened. Here, given what I've explained above, and our understanding of the difficulties of remotely controlling devices of Mr L's type, I'm not persuaded it's more likely than not this happened.

Taking this all into account, I don't think Prepay acted unfairly in treating these payments as authorised. This means that the starting position is that P is liable for its losses.

Should Prepay have recognised P was at risk of financial harm from fraud?

While the starting position is that P is liable for the disputed payments, I have also considered whether Prepay ought to have identified that these payments were suspicious and stepped in before they were made.

Prepay has to balance protecting P from fraud with its legal duty to make the payments it tells it to. Here, I've noted that these were payments to an individual; P had previously made similarly sized payments; and the payments happened over the month. The logins surrounding the payments were also confirmed as genuine and the payments were approved from a known device. Taking this all into account, I don't think it was unreasonable that Prepay processed these payments in line with the instructions without completing further

checks.

And even if I was wrong about this, and considered that Prepay ought to have stepped in, I'm not convinced it would've been able to unravel the scam and prevent P's losses. I've noted from the WhatsApp messages that Mr L appeared to have been coached by the scammers on what to say to avoid a firm's detection – and it seems the scam ultimately succeeded despite what Mr L referred to as an 'interrogation' by his other bank, as well as a branch visit. It follows that, owing to the spell of this scam and the fraudsters' coaching, I'm not convinced an intervention would've been successful in uncovering what was happening even if Prepay stepped in.

Did Prepay act fairly in trying to recover P's losses?

As well as whether Prepay ought to have prevented P's losses, I've considered whether it could have done more to recover them. But I've only persuasive evidence that these transactions were reported to Prepay the day after the final disputed payment, by which time I find it likely that fraudsters would've already used the money. I've also noted that when Mr L reported the matter, it wasn't clear how the scam unfolded, so I can see why Prepay didn't seek recovery immediately. Taking this into account, I don't think Prepay can be reasonably blamed for failing to recover P's losses.

Conclusion

I appreciate this will be disappointing news for Mr L, particularly as him and P are ultimately victims in this situation. But having considered the matter carefully, I'm not satisfied I can fairly tell Prepay to refund these disputed payments.

My final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask P to accept or reject my decision before 27 January 2026.

Emma Szkolar
Ombudsman