

## The complaint

Mr H complains that PayrNet Limited (as the recipient Payment Service Provider, PSP), didn't do enough to prevent him losing money to a scam.

Mr H has used a representative to bring his complaint. But, for ease of reading, I'll mostly just refer to Mr H himself, where I also mean the representative.

## What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide an overview of some of the key events here. In 2023 Mr H was sadly the victim of a scam. He says he saw a newspaper advertisement for a well-known investment bank 'M' offering bonds. He says he responded to the advert and was then contacted by someone purporting to be from M. He says the person he was dealing with was knowledgeable about bonds and came across as professional.

He was ultimately persuaded to send multiple payments from his account with 'R', believing at the time that he was investing in bonds. None of the payments went to M, rather Mr H was told the payments had to go to other entities because they were the lending agencies that M were using to fund the transactions and hold the bonds.

Of relevance to this complaint are the following payments on the PayrNet account that were either received from or sent to Mr H's account with R.

Date	Amount	Notes
3 August 2023	£15,000	Received from Mr H's account with N (later reimbursed by N).
3 August 2023	£60,000	Received from Mr H's account with R
26 September 2023	£50,000	Received from Mr H's account with R
2 October 2023	£49,990	Sent to Mr H
3 October 2023	£10	Sent to Mr H

Overall, whilst N offered to refund the £15,000 payment to resolve Mr H's complaint to them, this still leaves Mr H at a loss in relation to money he sent to and received from the PayrNet account.

Mr H says that he tried to view his bonds 'online' and the website was down. So he called the numbers he had for M and no-one picked up. At this point, he found a number for the bonds department of M online, and when he called he was put straight through to their fraud department and the scam was discovered.

Mr H complained to PayrNet that they'd allowed a scammer to open and operate an account. He alleged they'd failed in various ways and is seeking reimbursement of his loss. PayrNet didn't think they'd done anything wrong and didn't offer any redress. The matter was referred to our service and one of our Investigators similarly didn't recommend that the complaint should be upheld. Mr H disagreed with this outcome and has asked for an Ombudsman to review his complaint.

### **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 outcome as our Investigator and for largely the same reasons. I know this will be disappointing for Mr H, so I'll explain why.

Mr H has no automatic right to a refund from PayrNet in the circumstances here. Even where I accept he's been a victim of a scam, and that PayrNet provided an account that received his funds. There is no customer relationship or duty of care between Mr H and PayrNet. However, if PayrNet have failed in a way that can be said to have caused his loss, then I would consider it fair and reasonable that they should provide redress. But as I've mentioned above, I'm not persuaded they have.

The account Mr H paid was opened in July 2023. I've reviewed the information provided during that process which included what appeared to be valid government issued identification. And there isn't anything that I think was out of the ordinary, so I don't think there were any failings in relation to the opening of the account that could fairly be said to have caused Mr H's loss. I don't think PayrNet reasonably could've known, at that time, that the account they were opening would later go on to be used in connection with a fraud or scam. And even if I'm wrong on that point, the way in which the scam unfolded showed that the scammers had access to multiple accounts with different providers. So if PayrNet never should've opened this account, this likely wouldn't have impacted the position Mr H now finds himself in as its most likely he would've instead been directed to pay other accounts the scammers controlled.

PayrNet are required to monitor the accounts they provide with a view to combatting various risks which include the accounts being used to misappropriate funds. Here, Mr H's first two payments into the account both arrived on the same day and totalled £75,000. PayrNet say that they conducted some additional checks in relation to those payments. They asked their accountholder about the purpose of the payments and were provided with corresponding invoices. These showed the supply of goods, which was in line with the business sector that their customer was operating in. The payments themselves were also broadly in line with expectations for the account, based on the information gathered during the account opening process. And, due to the way in which the scam took place, the payments also would've appeared as being intended for the accountholder. That is, there wasn't a mismatch between what Mr H put down as the recipient for his payments and the named accountholder. Similarly, there was nothing suspicious in the references included alongside the payments.

With the above factors in mind, I think the steps PayrNet took at the time were proportionate. It was reasonable that they made some additional checks for the large incoming payments on a newly opened account. They wouldn't have had any reason to doubt what their accountholder told them at the time, and were provided with documentary evidence which I think it was reasonable for them to accept and rely on. The outgoing payments that spent the funds from Mr H's initial credits to the account also didn't appear suspicious such that I think PayrNet should've done more in a way that would've prevented them from leaving the

account. There was no great urgency to start moving on the money Mr H had sent. The first outgoing payment took place a week after Mr H's initial payments had been received.

There was also nothing so suspicious in relation to other payments made to or from the account where I think it's reasonable to expect PayrNet to have done more. So overall, I don't think PayrNet failed here in relation to the monitoring of the account. PayrNet also hadn't had any reports at that time of the account being used in connection with a scam, so there wasn't a failure to act or similar in that regard.

I appreciate that Mr H has suggested that PayrNet should've contacted R and questioned the purpose of the payments. He believes that had they done so, the scam would've been discovered. But the key point here is that I don't think PayrNet acted unreasonably by not doing so. There is a balance to be struck between stopping payments to conduct checks and facilitating payments (including how far PayrNet could reasonably be expected to go with any checks). And for the reasons I've set out above, I don't think PayrNet had any reason (at that time) to do more checks than those they did, or that it was unreasonable for them to have been reassured in response to what their accountholder told them and provided.

The £50,000 that Mr H sent to the account was returned to him a few days after it arrived, so I won't comment in detail on that payment as there is no loss arising from it. But PayrNet say they reviewed the payment, and approved it based on the belief that Mr H was a repeat customer of their accountholder. Again, I don't find this to be unreasonable or that more ought to have been done.

Mr H has also suggested that PayrNet should've questioned the outgoing payments to Mr H (or others that might've appeared suspicious). Even if they'd done so, this primarily would've been to mitigate a risk to their own accountholder. And the available evidence supports that the accountholder would engage and provide information and documentation if requested. It's more likely than not that the accountholder would've reassured PayrNet as to any concerns and the outgoing payments would've been made. I don't think PayrNet intervening in any outgoing payments, would've done more to discover the scam at the relevant time or have impacted the loss suffered by Mr H.

Following the £10 payment from the PayrNet account to Mr H on 3 October 2023, the account had a zero balance. So by the time PayrNet were on notice that Mr H's payments into the account had been made as a result of a scam, there was nothing that remained to be returned. So I don't think anything PayrNet did or didn't do at that point, made a difference.

For completeness, Mr H has mentioned the Lending Standards Board's Contingent Reimbursement Model. This was a voluntary scheme (in place at the times of the payments) through which victims of scams could sometime receive reimbursement from the banks or PSP's involved. However, neither R nor PayrNet were signatories to what was a voluntary scheme. And so consequently, it can't be used as a basis to require PayrNet to do more here.

Mr H has also made reference to parts of other final decisions published on our website to support his position. I've considered these, but each case is considered on its individual merits, we don't work on a precedent basis. And I don't find anything that has been shared from the other decisions more persuasive than the reasoning I've included above as to why I'm not upholding this complaint.

I'm of course sorry to hear Mr H lost money to a scam, but as I'm not persuaded this is something PayrNet can fairly be said to be responsible for, there isn't a reasonable basis upon which I can require them to do more to resolve this complaint.

**My final decision**

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 25 August 2025.

Richard Annandale  
**Ombudsman**