

## The complaint

Mr K complained because PSI-Pay Ltd refused to refund him for a payment which he said he didn't authorise.

## What happened

Mr K opened a Pockit account on 6 February 2025. Within ten minutes of the account being opened, two "*trusted devices*" were added to the account: one iPhone and one android phone. To do this needed account login details, correct answering of a security question, a correctly-entered One-Time Passcode (OTP) and clicking a "*magic link*" to pair the devices.

Mr K received £1,555.72, which was his pay, into the account on 27 February. Within a short time, there was a debit of £1,500 to an international payment platform. This was made from the virtual card for Mr K's account through his Pockit app. Shortly afterwards, Mr K contacted Pockit and said he hadn't made the £1,500 payment. He said he wanted the money back.

Pockit sent Mr K a form to fill up, which he returned on 5 March. On 6 March, Pockit refused Mr K's claim. It said this was because the payment had been verified using 3D Secure (an extra layer of security), and having thoroughly reviewed the claim, including Mr K's declaration, evidence, and account activity, it had concluded Mr K had authorised the payment.

Mr K complained.

Pockit issued its final response to Mr K's complaint on 26 March. It rejected his claim. It said that two-factor authentication had been used to make the payment. Also, setting up the digital wallet Apple Pay had needed Mr K to input a One-Time Passcode (OTP) which had been sent to Mr K's registered phone number.

Mr K wasn't satisfied and contacted this service.

Our investigator didn't uphold Mr K's complaint. He said that the disputed transaction had been made using Apple Pay from Mr K's Pockit app on an iPhone registered to Mr K's account. Mr K had said he didn't own an iPhone at the time, but that he had registered the other, android, phone which was also registered to the account on 6 February. Mr K had said he wouldn't have shared any OTP which he'd received.

Our investigator recorded that Mr K had said he was on holiday at the time of the disputed transaction, and his regular bank had closed his account, because he'd sent money abroad too often, so he'd opened the Pockit account to receive his pay.

The investigator explained that the iPhone had been registered to Mr K's account using both his password and the answer to his security question, along with a OTP sent to his registered mobile number. The disputed transaction had been made using 3D Secure authentication, after accessing Mr K's Pockit app using the account password. Mr K had said that no-one else knew the password, or security question he'd set up on the account, and no-one else had access to his mobile.

The investigator said that the evidence in Mr K's case was compelling and Pockit's evidence indicated that the iPhone registration, and the authorisation of the disputed transaction, couldn't have been completed without Mr K's knowledge. So he didn't uphold Mr K's complaint.

Mr K didn't agree. He said his account had clearly been compromised and he was being held liable for something to which he had no connection. He said he needed that money as he was behind with his bills, and his debt was stacking up. He said it wasn't fair that he'd been robbed by a fraudster and could do nothing about it. He asked if his money was protected by the Financial Services Compensation Scheme. He said the bank should cover and protect him from fraud like this.

Mr K asked for an ombudsman's 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.

#### *What the Regulations say*

There are regulations which govern disputed transactions. The relevant regulations here are the Payment Services Regulations 2017. In general terms, the bank is liable if the customer didn't authorise a disputed payment, and the customer is liable if they did authorise it. So what decides the outcome here is whether it's more likely than not that Mr K, or a third party fraudster unknown to him, carried out the disputed transaction.

#### *Who is most likely to have authorised the disputed transaction?*

I've looked at the technical evidence. This shows that whoever registered the iPhone and Apple Pay on Mr K's account had to know the account password, and the answer to the security question which Mr K had set up. They'd also have received a OTP sent to Mr K's registered phone, and correctly entered this. Mr K said no-one else knew these details.

The technical evidence also shows that whoever made the disputed £1,500 payment had to know Mr K's password to be able to access the app on his phone, as well as having possession of the phone. They'd also have had to know exactly when Mr K's pay had credited his account. Without that credit, there wouldn't have been enough money to pay the £1,500.

Mr K said it wasn't fair that he'd been robbed by a fraudster. But I can't see how any other person could have registered the phone on Mr K's account, set up Apple Pay, or authorised the disputed transaction, and known when money had just gone into his account. As I consider it's most likely that Mr K authorised the disputed transaction himself, Pockit doesn't have to refund him.

#### *Other question raised by Mr K*

Mr K asked whether his money was protected by the Financial Services Compensation Scheme (FSCS). The FSCS doesn't deal with disputes about who authorised a disputed payments. Its role is to help consumers when a financial business is unable – or likely to be unable – to pay compensation due from a claim against the business. This usually happens when a business is insolvent or has stopped trading and doesn't have enough assets to pay claims made against it. That's not what Mr K's complaint is about.

As I've explained above, the regulations which decide the outcome of a disputed transaction complaint are the Payment Services Regulations 2017. These say that it depends who authorised a disputed payment. As I've found that it's most likely Mr K authorised the payment himself, he's liable for it.

### **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 Mr K to accept or reject my decision before 10 September 2025.

Belinda Knight  
**Ombudsman**