

## **The complaint**

H, a limited company, has complained Airwallex (UK) Limited won't refund them for transactions they didn't authorise.

## **What happened**

In October 2024 staff at H received a call supposedly from Airwallex. This call was transferred to a member of staff (who I'll call M). M was concerned to hear that her H work card had been compromised and Airwallex had identified fraud. M believed she was able to see the transactions Airwallex was referring to so was willing to share the code that they emailed to her. This, she believed, would enable the refund to be carried out.

As M got to work the following morning, she received an email from Airwallex asking her whether she'd authorised a specific transaction made using her card details at 19:38 on 22 October. M confirmed this was unauthorised. She subsequently discovered there had been 13 transactions carried out on her H card which she'd not made.

H complained to Airwallex that these transactions were unauthorised and asked them to refund them. Airwallex wouldn't do this as they argued 11 transactions had been authorised by the card being added to an Apple Pay wallet. Airwallex noted that these transactions had been carried out on a phone that wasn't M's and were geographically distant from both H's offices and where M was working that day.

H was dissatisfied with this response and brought their complaint to the ombudsman service.

Our investigator reviewed the evidence provided by Airwallex as well as M's testimony. He didn't believe that 10 of the transactions had been authorised and asked Airwallex to refund these. He noted that two transactions had been separately refunded using the international card schemes chargeback mechanism.

Airwallex disputed this outcome. They believed it must have been clear to M that by sharing the code with the fraudster she was authorising H's card to be added to an Apple Pay wallet.

H's complaint has been referred to an ombudsman for 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.

Having done so, I've reached the same outcome as our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

It's worth stating that I can choose which weight to place on the different types of evidence I review, including technical evidence, provided by financial institutions along with

complainants' persuasive testimony.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

The regulations which are relevant to H's complaint are the Payment Services Regulations 2017 (PSRs). These primarily require banks and financial institutions to refund customers if they didn't make or authorise payments themselves. The PSRs require banks and financial institutions to provide evidence if they believe a customer has acted with gross negligence which means that the customer may not be refunded.

To help me come to a decision, I've reviewed the evidence Airwallex provided as well as M's testimony on behalf of H.

I'm satisfied H didn't authorise most of these transactions. I say this because:

- Airwallex's evidence confirms the Apple Pay token was set up on 22 October 2024. This was only enabled after the fraudster used H's card details to make two transactions for £35 and £2,705.91.
- M has admitted it's likely she provided the code emailed to her by Airwallex. She believed this was to assist in a fraud recovery as her discussions with the fraudster led her to believe H was being defrauded. It's worth saying that H had had a number of occurrences with their Airwallex relationship where fraud has been identified and cards blocked so I'm not surprised at the stance M took.
- Airwallex provided a further code to verify a transaction for £1,099 made at 14:11. This was most likely sent by SMS and is within six minutes of the email sent to M. Based on the timescale, I think it is likely that M provided this code to the fraudster. Therefore – although she argues she wasn't aware of its link to a transaction – I think she was authorising this transaction.
- Airwallex's argument is that the setting up of the Apple Pay token provides authorisation for the subsequent 10 transactions which were successfully completed using this token but without any further authentication. It's worth stating that authorisation, under the PSRs, has two parts: authentication and consent. There's no dispute – as Airwallex accepts that H was the victim of a fraud – that neither M as an authorised user of a card with H, or H, had any awareness of any subsequent transactions. These were carried out using a separate device belonging to an unknown third party. I'm satisfied there can be no consent without some level of knowledge. I believe these transactions are akin to those used with compromised card details where we generally expect financial institutions to refund customers.
- I've considered whether there was any gross negligence here. Firstly, that's not Airwallex's argument and the PSRs clearly place the burden of proof on the payment service provider around this aspect. I would also add that whether something can be considered as gross negligence is a high bar to get over and I'm not satisfied that just by – unwittingly potentially – adding a card to an unknown wallet, M was grossly negligent.

I have noted Airwallex has accepted that they're not able to identify *"the root cause of the unrecognised transactions"*. But they pose two different scenarios (*"friendly fraud"* or a potential lack of security by H) which explain how this could have happened. There is a third scenario and that would be just as simply potential lack of security by Airwallex. However it's

clear that there was a compromise. I would also argue that under the terms of the PSRs, these scenarios should be sufficient for Airwallex to accept that there was no authorisation by H.

I note that the two transactions that were processed under the chargeback dispute rules were refunded to H on 11 December 2024. As these were clearly unauthorised, Airwallex should have refunded H immediately under the terms of the PSRs rather than wait for any chargeback to be successful.

### **Putting things right**

As I have concluded that ten disputed transactions were not authorised by H, Airwallex will need to refund £5,657.72, along with 8% simple interest a year for the period H was without funds.

### **My final decision**

For the reasons given, my final decision is to instruct Airwallex (UK) Limited to:

- Refund £5,657.72 to H; and
- Add 8% simple interest from 22 October 2024 to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask H to accept or reject my decision before 21 October 2025.

Sandra Quinn  
**Ombudsman**