

The complaint

Mr E has complained that Prepay Technologies Ltd won't refund transactions he says he didn't make or otherwise authorise.

What happened

Mr E was on a night out while abroad. Over the course of about 20 minutes, his Prepay card was used for a number of transactions, totalling over £300.

Mr E says his card was kept in his pocket, no one else had access to it, and it remained in his possession. The people he was on holiday with were with him at all times and there was no opportunity for anyone to take his card without him noticing. No one else knew his PIN, it wasn't written down anywhere, and it hadn't been shared. Mr E also said that he lost his phone at some point that night, though it wasn't used to facilitate the transactions in question. His phone was protected with a password which only he knew, and his PIN or banking details were not recorded anywhere in it.

Prepay held Mr E liable for the payments in dispute, as they thought it was most likely they'd been authorised.

Our Investigator looked into things independently and didn't uphold the complaint. Mr E didn't agree, so the complaint's been passed to me to decide.

I sent Mr E and Prepay a provisional decision on 24 June 2025, to explain why I didn't think the complaint should be upheld. In that decision, I said:

Broadly speaking, Prepay can hold Mr E liable for the payments in dispute if the evidence suggests that he authorised them.

I'm satisfied from Prepay's technical evidence that the payments in dispute used Mr E's genuine card, and not a cloned card. Most of the payments were contactless, while some were verified using the PIN as well. On those, the PIN was entered correctly on the first try. So I can see that these transactions were properly authenticated by either contactless or chip and PIN. The question, then, is whether the evidence suggests that it's most likely Mr E consented to the transactions, or not.

First, I've considered the possibility that the payments were made by someone who Mr E didn't know, i.e. a third-party thief or fraudster.

As I noted, Mr E's real card was used, not a cloned card. For the chip and PIN payments, it was physically inserted into a card terminal, so it can't have simply been scanned as he suggested. From what Mr E said, it wasn't likely or plausible that a thief could've taken the card from him without him or his group noticing. Further, the card remained in Mr E's possession and he used it for genuine spending afterwards. And it's not likely or plausible that a thief would go back to find Mr E and return his card after stealing it, let alone that they could put it back into his pocket without him or his group noticing.

Mr E suggested the payments could've been duplicated, i.e. put through multiple times. But while I understand why he thought to raise this, and while I acknowledge that some of the amounts matched, I can see from the technical data that these were all distinct payments, which were made individually and had unique identifiers. They weren't duplicates.

More importantly, there doesn't seem to be any likely or plausible way that a thief could've learned Mr E's PIN without his consent. He hadn't recorded it anywhere or shared it, and no one else knew it. The last time he'd used the PIN for a transaction was the day before, so there was no recent opportunity for someone to watch him enter it then steal the card. And it's exceptionally unlikely that a thief would happen to guess it at random. While Mr E says he lost his phone, he didn't respond to our request for evidence of losing it and replacing it, it was protected by a password no one else knew, and in any case it didn't contain a record of his PIN and wasn't used to put these payments through – so that can't be how the PIN was learned either.

As such, I don't see a likely or plausible way that an unknown party did this.

It is technically possible that someone known to Mr E could have potentially made the transactions without his permission. I.e. someone who Mr E was on holiday with could've watched him enter his PIN at some point in the past then taken and replaced his card. But I don't think that's likely either. We asked Mr E about this, and he said his group were with him at all times and there was no opportunity to take his card without him noticing. He didn't answer our later questions around this. But it seems that Mr E has effectively ruled out this possibility himself. And it does seem very unlikely that an associate could've watched Mr E entering his PIN without him or the group noticing, taken his card without him or the group noticing, used it essentially right in front of him without him or the group noticing, then returned it to his pocket without him or the group noticing.

Finally, I've considered the possibility that the payments were made by Mr E or by someone he'd given his consent to.

That fits very well with how the payments were made – on Mr E's genuine card, which no one else had access to, and which remained in his possession; using the PIN which wasn't shared or recorded or used in the preceding hours and which no one other than Mr E knew; while Mr E was with his associates at all times.

The type of spend – at a bar or club – fits with Mr E’s genuine spending before the disputed spending started. Mr E was at a similar venue before this, in the exact same area. And given that, from what he’s told us, he was still out at the time of the disputed payments, it’s not especially likely that he wouldn’t have spent anything at all in the hours since his previous genuine spend. It seems more likely that the disputed payments were also his spending. We asked Mr E about his whereabouts, and for receipts or other evidence of where he went if not this venue, along with evidence about who he was with and what happened on his main bank account. But he didn’t respond. And under our rules, I am allowed to draw negative inferences from a party’s failure to respond to an evidence request.

While I appreciate this was a fair bit to spend in a short time, there were sufficient gaps between the transactions for them to have been made genuinely. And people do sometimes spend in this way – for example, by buying drinks or dances for the people they’re with. Given the evidence at hand, something like that would be the more likely explanation.

So based on what I’ve seen so far, there wasn’t a plausible way that an unknown party did this, and it’s not likely that a known party did this without Mr E’s consent. That leaves only one likely possibility – that Mr E made the transactions or gave someone else permission to make them. This is a difficult message for me to give, and I know it’s a difficult message for Mr E to receive. But given the evidence I have so far, and the balance of probabilities, I’m currently unable to reasonably reach any other conclusion.

As such, I currently think it’s fair for Prepay to decline a refund in this case.

I said I’d consider anything else anyone wanted to give me – so long as I received it by 1 June 2025. But neither Mr E nor Prepay sent me anything new to consider.

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.

Neither side have sent me any new evidence or arguments. So having reconsidered the case, I’ve come to the same conclusion as before, and for the same reasons as set out in my provisional decision above.

My final decision

I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr E to accept or reject my decision before 30 July 2025.

Adam Charles
Ombudsman