

## **The complaint**

X, a limited company, complains that PayrNet Limited ("PayrNet") hasn't refunded funds it says it lost as the result of a scam.

X held an ANNA branded account – who provide services on behalf of PayrNet. For ease of reading in this decision I'll refer to PayrNet.

The director of X, Mrs M, is bringing the complaint on its behalf. So, in the main, I'll refer to Mrs M.

## **What happened**

Mrs M received a message via her banking app asking for approval for a card payment to a business she didn't recognise and so she declined the payment. She then received a text message that someone from PayrNet would call her about the declined payment. Mrs M said rather than showing as a phone number, the text message showed as being from PayrNet which is what she was used to when receiving genuine correspondence from PayrNet such as authentication codes. She therefore believed the text message was legitimate.

Soon after Mrs M received a call from someone claiming to be from PayrNet who we now know to be a scammer. She said they went through an investigation into suspicious activity on X's account and ordered a new card. Mrs M received communication from PayrNet about two new devices which had accessed the account and Mrs M didn't recognise the devices. She said the scammer informed her that her devices had been hacked. Mrs M said she was suspicious of the caller and asked for proof they were calling from PayrNet and that they suggested she search the number they were calling from online. Mrs M said she did this and a search engine result showed the number matched PayrNet's customer services. She said she believed the call to be genuine due to this match and the caller's knowledge of the recently declined payment.

Mrs M said she downloaded remote access software on her mobile and laptop at the scammer's direction and they told her they'd be opening a new account as the current one had been compromised. The scammer opened an account which Mrs M said she could see on X's online banking home screen, but the account manager was a name she didn't recognise. She said the scammer informed her she should move her funds to the new account and the compromised account would be closed. She said the scammer told her to use the account manager as the payee. Mrs M said she questioned this and was told PayrNet assigns an account manager to all accounts and they needed to be the payee so the payment couldn't be traced to her, given her account had been compromised. Mrs M moved her funds.

She said the scammer told her they would inform other banks of the situation and Mrs M disclosed she banked with a high street bank I'll refer to as B (it seems this is a personal account and not linked to X). The scammer said someone from B would call her. Mrs M said she received a call from a different scammer purporting to be from B and that the number showed online as being B. She said she was told to move her funds with B to the compromised account with PayrNet but the payment was held by B. She said the scammer

ended the call so she could call B and told her not to mention the fraud investigation which she said made her suspicious. Mrs M said when she spoke with B and it questioned the payment it made her consider what had happened which along with her suspicions made her realise she had been scammed and she didn't use the cover story she'd been given. No funds were lost from B to this scam.

Mrs M said she ignored further calls from the scammer and when she logged into the PayrNet mobile banking app the new account had gone so she contacted PayrNet to report the scam.

Below are the payments Mrs M made from X's account with PayrNet which were lost to the scam:

Date	Amount
11/01/2024	£8,275
11/01/2024	£7,258

A complaint was raised with PayrNet and while it didn't uphold the complaint or refund the funds, as a gesture of goodwill it applied six free months to X's business account. Unhappy with PayrNet's response, Mrs M raised the matter with the Financial Ombudsman Service. One of our Investigators looked into the complaint and upheld it in part. They thought PayrNet ought to have been concerned by the second payment and intervened. Our Investigator thought if it had it would have uncovered the scam. They said it was fair for X and PayrNet to share liability equally and asked PayrNet to refund 50% of the second payment with 8% simple interest from when the payment was made to when its settled. Additionally, they thought PayrNet could have done more to recover the lost funds and if it had £13 could have been recovered and they asked PayrNet to reimburse this amount too.

PayrNet accepted the outcome and has paid the suggested redress. Mrs M on behalf of X didn't agree. She felt the full amount of both payments ought to be reimbursed and that compensation should be awarded for the distress PayrNet caused her. Our Investigator wasn't persuaded to change their outcome and explained X is a limited company and it can't be caused distress and so no compensation was warranted.

As an agreement could not be reached, the complaint has been passed to me for a final decision.

#### My provisional decision

I issued my provisional decision on 16 July 2025. I decided, provisionally, to uphold Mrs M's complaint on behalf of X. This is what I said.

*I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*It isn't in dispute that X has fallen victim to a scam here, nor that the disputed payments were authorised by Mrs M on behalf of X. In broad terms, the starting position at law is that banks and other payment service providers are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account.*

*As the director of X Mrs M authorised the payments in question here – so even though she was tricked into doing so and didn't intend for the money to end up in the hands of a scammer, X is presumed liable in the first instance.*

*But as a matter of good industry practice, PayrNet Limited should also have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there is a balance to be struck: banks and other payment service providers had (and have) obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction.*

*I've thought about whether PayrNet acted fairly and reasonably in its dealings with Mrs M when she made the payments, or whether it should have done more than it did. In doing so I've considered what PayrNet knew about the payments and the actions it took at the time the payments were made. I'd like to assure both parties that I've reviewed the complaint really carefully in light of all of this.*

*PayrNet told us it sent two new device alerts prior to Mrs M making the disputed payments and said they contained a warning. The warning PayrNet is referring to says, 'If this wasn't you, or you received a phone call requesting an authorisation code from someone claiming to be from ANNA, please let us know immediately here in chat'. It went on to say the payments from the new device(s) had been blocked for two hours. Accessing the account using the new devices wasn't Mrs M and she didn't let PayrNet know in the chat as it asked. I've considered why she didn't and believe it's not only because she thought she was speaking with PayrNet already, and had informed the caller she didn't recognise the devices, but also because the warning isn't specific to a scam. It doesn't give any detail on why it was important for a customer to flag the new device wasn't them in the chat or highlight any scam specific information that would have resonated with Mrs M and the situation that was unfolding.*

*PayrNet also said a security message is sent when customers make faster payments saying they shouldn't proceed if there is any risk they are being scammed. This warning isn't specific to any type of scam so I can see why it didn't impact Mrs M. PayrNet said neither payment triggered any security alert for manual intervention.*

*Having considered what PayrNet knew about the first payment I believe it ought to have been concerned such that it held the payment and intervened to understand the circumstances of the payment. I'll explain why.*

*The value of the payment is such that it ought to have caused PayrNet concern and having reviewed the account activity I think this payment is unusual and uncharacteristic. I accept there is a payment for tax reasons which is closer to this amount than the other payments made from the account, but I don't think that is enough to say this payment is in-line with how X's account was typically used.*

*Additionally, it's important to consider all the information PayrNet had which includes what happened before PayrNet received the payment instruction. It was already aware of a declined payment the account holder didn't recognise and around an hour later the attempted login of two new devices within minutes of each other, and all not long before the first payment was made.*

*Taking all of this into account I think PayrNet should have been concerned that X could be at risk of financial harm from fraud when the first payment was made.*

*Given the above, I think a proportionate intervention at the time the first payment was made would have been for PayrNet to have asked automated questions of its customer regarding the payment and its purpose.*

*I can't be certain what would have happened if PayrNet had intervened in this way, so I need to make a decision on the balance of probabilities of what would most likely have happened if it had. Having thought carefully about this, I think Mrs M would have positively engaged with the questions asked and answered accurately. It's clear from her testimony that she believed she was speaking with PayrNet and so contact from the real PayrNet would have given her the pause she needed to consider what the scammer had told her. There's nothing on file to suggest she wouldn't have been honest with PayrNet and the scammer hadn't expressed the fraud had come from within PayrNet so she had no reason to distrust it. Furthermore, Mrs M explained the second scammer gave her a cover story to use when speaking with B and as she told us she didn't use the cover story as she thought it was suspicious, such that during that intervention the scam was uncovered.*

*As part of a proportionate intervention, I'd have expected PayrNet to ask Mrs M what the purpose of the payment was. I believe on balance Mrs M would have disclosed she was making the transfer to keep X's money safe and selected the option that best reflected this. As this points to a safe account scam, at the time this payment was made I would then expect human intervention from PayrNet via it's in app chat or otherwise.*

*During human intervention I'd expect PayrNet to ask open and probing questions and based on Mrs M's answers provide a tailored warning regarding the scam she was potentially falling victim to. As I have explained I'm satisfied Mrs M would have been honest in her answers. Therefore, PayrNet would have realised she was most likely falling victim to a safe account scam and provided a tailored warning as a result. I'm persuaded if it had it would have uncovered the scam and prevented Mrs M from making the first payment and the one that followed and therefore prevented the losses X suffered as a result of this scam.*

*Given the above, I find PayrNet missed an opportunity to intervene. I'm persuaded if it had proportionately intervened as I've described, it would have uncovered the scam and prevented Mrs M from making the first payment and the one that followed. I therefore find it's fair and reasonable to hold PayrNet liable for X's losses as a result of this scam.*

*I've also considered whether Mrs M, on behalf of X, should share any liability for the preventable loss. In considering this point, I've taken into account what the law says about contributory negligence as well as what's fair and reasonable in the circumstances of this complaint.*

*Overall, I don't find that Mrs M acted unreasonably in the circumstances. I believe the scam was sophisticated, persuasive and with the addition of fear and panic that X's money was at risk. So I understand why Mrs M behaved in the way she did. She didn't take the call at face value and checked the number of the caller online and found it match that of PayrNet. The payment Mrs M declined followed by the text message she received seemingly from PayrNet saying it would contact her as a result of that unusual activity will also have been persuasive and added legitimacy to the call and the version of events the scammer gave Mrs M. I therefore don't think it would be fair to also hold Mrs M, and therefore X, liable for the preventable losses.*

*I won't be awarding compensation for the same reason as our Investigator. While I appreciate this will have been a distressing matter for Mrs M personally and I'm sorry to hear of the impact the scam has had on her, the lost funds are in relation to X which is a limited company which can't be distressed. Therefore, I won't be asking PayrNet to pay any compensation.*

**Putting things right**

*After PayrNet accepted our Investigator's outcome it paid the redress recommended. It is therefore fair that the funds already reimbursed to X be deducted from the overall loss and that it only refunds X's outstanding loss. The 8% simple interest awarded is not to be deducted from the overall loss.*

*Our Investigator recommended PayrNet refund 50% of the second payment which was £3,629 and £13 which could have been recovered from the beneficiary bank had PayrNet contacted it sooner. I therefore find it fair that PayrNet deducts £3,642 from the original loss of £15,533.*

### ***My provisional decision***

*My provisional decision is PayrNet refunds X:*

- *The outstanding loss of £11,891 (The total loss of £15,533 less £3,642 already refunded).*
- *Pay 8% simple interest per year on this amount, from the date the payments debited X's account, until the date the refund is settled (less any tax lawfully deductible).*

### **Responses to my provisional decision**

Mrs M said she agreed with the provisional decision and had nothing further to add.

PayrNet didn't agree with the provisional decision in summary it said:

- It gave a payee warning which is scam specific.
- Only Mrs M's device was used during the scam.
- The wording in the 'new log in' messages should alert a customer to be vigilant of risks to their money.
- Mrs M should have queried the name on the 'safe account'.
- The payments weren't significantly different to the account usage and so its automatic intervention wasn't triggered, to set this at a lower level would result in too many positive alerts.

### **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.

I've thought carefully about what PayrNet has said in response to my provisional decision, but it doesn't change my decision to uphold this complaint. I'll explain why, and if I haven't mentioned something it isn't because I've ignored it. Rather, I've focussed on setting out what is key to my decision.

PayrNet has provided a warning it says was displayed before Mrs M approved a new payee. Among other things this warning says to 'stop if: someone told you your account is at risk. Asked you to make an unexpected payment or take out a loan for them. Even if that person claims to be from ANNA, or the police'.

This warning is relevant to the scam Mrs M was falling victim to and didn't prevent her from making the payment. As explained in my provisional decision, a proportionate response to the first payment at the time it was made would have been to ask automated questions about the payment, including the purpose of the payment. I believe Mrs M would have been honest and selected the purpose that best fit the circumstances being she was moving funds

to keep them safe. I believe the warning PayrNet provided as part of approving a new payee wasn't proportionate to the risk the payment presented.

In January 2024 I'd expect a firm to carry out human intervention, via in-app chat or otherwise, when a customer indicates they are moving their funds to keep them safe. Human intervention is typically what is needed in safe account scams to break the spell of the scammer. And as I find Mrs M would have been honest with PayrNet had it done this, I believe it would have uncovered the scam if it proportionately intervened as I've described. And in not doing so it missed an opportunity to uncover the scam.

I appreciate PayrNet needs to strike a balance in the extent to which it intervenes in payments, against the risk of unduly inconveniencing or delaying legitimate payment requests. The value of the payment is one factor I considered when determining whether PayrNet should have realised Mrs M, and so X, was at risk of financial harm from fraud. The events which came before are also a key factor, the unrecognised payment Mrs M declined and new device alerts sent.

### **Putting things right**

As PayrNet paid the redress recommended in our Investigators outcome it's fair that the funds already reimbursed to X be deducted from the overall loss and that it only refunds X's outstanding loss. The 8% simple interest already paid is not to be deducted from the overall loss.

Our Investigator recommended PayrNet refund 50% of the second payment which was £3,629 and £13 which could have been recovered from the beneficiary bank. I therefore find it fair that PayrNet deducts £3,642 from the original loss of £15,533.

### **My final decision**

For the reasons given above, and in my provisional decision, I uphold this complaint and require PayrNet Limited to pay X:

- The outstanding loss of £11,891 (The total loss of £15,533 less £3,642 already refunded).
- Pay 8% simple interest per year on this amount, from the date the payments debited X's account, until the date the refund is settled (less any tax lawfully deductible).

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 10 September 2025.

Charlotte Mulvihill  
**Ombudsman**