

## **The complaint**

Mr W complains that Prepay Technologies Ltd ("Prepay") failed to refund transactions he didn't recognise.

## **What happened**

### *What Mr W says*

Mr W explained that in early August 2024, he used an automated teller machine (ATM) to withdraw £10. He then went for lunch with a friend. Sometime later, Mr W realised his debit card was missing and several unrecognised transactions had been made using his account.

Mr W believes that an unidentified third party saw him enter his personal identification number (PIN) into the ATM and either took his card or found it after dropping out of his pocket.

Mr W said the street where he was using the ATM was very busy and people were near him when he took out his cash. He believes his stature makes it possible for others to see over the top when he's using the ATM, even when he covers the entry of his PIN, which Mr W says is also quite easy to remember if seen being entered.

The card was used shortly after the withdrawal where an account balance and £20 withdrawal were made. The card was then used at various stores to make purchases, principally for fashion items.

Mr W later explained that he first noticed the card was missing from his pocket when he came to pay for his food. He said he thought it may have been in his jacket pocket but didn't check at that point. He said he started looking after relaxing in the restaurant for 1-2 hours and then realised he didn't have his card.

Mr W said he saw the unrecognised transactions in his banking app, although he didn't know how to freeze his card until several days later. Mr W reported the loss to Prepay once he realised funds had been taken from his account.

Mr W asked Prepay to refund the losses. After reviewing the situation, they declined to offer a refund. Mr W raised a complaint about Prepay's decision and their handling of the situation.

### *What Prepay say*

Prepay were already concerned about the operation of Mr W's account since its opening shortly before this claim. They looked into the transactions claimed by Mr W and confirmed they were made using the genuine card and PIN. Prepay asked Mr W to report the matter to the police, but he advised he was told by them that he couldn't report the loss of his card due to the circumstances. Prepay told Mr W they weren't going to refund him based on their assessment of the circumstances.

Prepay received Mr W's complaint and the matter was again investigated. Prepay didn't change their position and told Mr W that it was his responsibility to protect his PIN. They said they were willing to work with the authorities if they were contacted by them. Prepay took the decision to close Mr W's account.

### *The investigation so far*

Mr W brought his complaint to the Financial Ombudsman Service for an independent review where it was assigned to an investigator to look into the matter. Both parties were asked to provide information about the complaint.

Mr W reiterated his testimony and was able to say that the loss of the funds had impacted him at a time when he owed money to a previous employer which had prevented him from settling that debt.

He believed Prepay had been difficult to deal with and had closed his account to prevent them having to pay for the loss of his funds.

Prepay provided details of the transactions and their own investigation. In summary this showed that:

- Seven disputed transactions took place amounting to £767.99.
- A number of merchants used in these transactions were also used by Mr W for other transactions.
- The card stopped being used prior to it being blocked and funds were still available.
- Mr W used his app to block and unblock his card the day of the disputed transactions.
- Mr W had made other attempts to obtain refunds which were unsuccessful.
- Prepay closed the account and paid the remaining balance to another account used by Mr W.

After reviewing the evidence, the investigator didn't think that Prepay had been able to provide sufficient evidence that Mr W was responsible for the transactions himself and recommended they refund him.

Prepay disagreed and asked for a further review of the complaint, making further representations:

- Prepay believed that it was strange for the thief to use some of the same shops as Mr W had also used.
- They believed that Mr W was being dishonest in his dealings with them based on earlier attempts to obtain refunds.
- They believed the operation of the account didn't support a third party using it based on the balance enquiry (so whoever was using the card knew the amount of funds available) and that only £20 was withdrawn when much more could've been taken.
- There was plenty of time before the account was blocked to use the remaining funds.

The investigator didn't believe the evidence related to other issues was relevant to this complaint and thought that much of what Prepay were arguing was speculation.

Mr W responded to the points raised by Prepay and said:

- He was unaware of the exact process to freeze the card until he received an article from Prepay some hours after the loss was noted. Mr W also said that due to

difficulties reaching a Prepay agent, he couldn't freeze his card until two days after the event.

- Mr W also said: *"I did check my balance as soon as I realised my card was missing; however, I could not take prompt action because the necessary support and instructions were not readily available."*
- There's no evidence to support Prepay's position that Mr W was being fraudulent in his refund requests.
- Only a small proportion of the disputed spending was with the same merchants.

As no agreement could be reached, the complaint has now been passed to me for a decision.

I issued my provisional findings on the merits of Mr W's complaint on 6 August 2025. In my provisional findings, I explained why I didn't intend to uphold Mr W's complaint and offered both sides the opportunity to submit further evidence or arguments in response. An extract of that decision is set out below and forms part of this final decision:

*"What I've provisionally 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 now considered the evidence in this complaint, I'm currently intending not to uphold it. I realise this will come as a shock to Mr W, but I'll explain my reasoning.*

*This complaint relates to a claim by Mr W that his card was taken and his PIN observed before several disputed transactions were carried out. It's Prepay's position that they don't believe they should be held liable for them and Mr W's claim is spurious.*

*The relevant law surrounding authorisations are the Payment Service Regulations 2017 and the Consumer Credit Act 1974. The basic position is that Prepay can hold Mr W liable for the disputed payments if the evidence suggests that it's more likely than not that he made them or authorised them but Prepay cannot say that the use of the card and PIN conclusively proves that the payments were authorised.*

*Unless Prepay can show that consent has been given, it has no authority to make the payment or to debit Mr W's account and any such transaction must be regarded as unauthorised. To start with, I've seen the bank's technical evidence for the disputed transactions. It shows that the transactions were authenticated using the payment tools issued to Mr W.*

*It's not my role to say exactly what happened, but to decide whether Prepay can reasonably hold Mr W liable for these transactions or not. In doing so, I'll be considering what is most likely on a balance of probabilities.*

*When the investigator reviewed the evidence, she didn't think the additional matters raised by Prepay were relevant. However, I think they are, as the broader activities associated with Mr W's account management can have an impact on an individual complaint. I am also aware of numerous other complaints brought by Mr W where there've been similar requests for refunds.*

*The Prepay account was only open a short while before they received the first refund claim based on the failed delivery of items. That claim was refuted and Prepay believe the claim wasn't based on accurate evidence.*

*A subsequent claim for other refunds (to two of the same merchants used by Mr W's card on the day he says he lost it) wasn't processed by Prepay as they didn't believe it was a genuine claim.*

*I've reviewed other complaints raised by Mr W. On several occasions, he's claimed or referred to the loss of funds based on someone viewing his PIN and then somehow taking his card to use without his permission. Based on this unlikely series of events, I do think the overall credibility of Mr W's evidence is relevant to this complaint.*

*The scenario he described for losing his card and the observation of his PIN by shoulder surfing isn't implausible. But, I do have some doubts about what happened later. Mr W said he realised his card wasn't where he expected it (assuming here it was in his jacket pocket), but he then didn't check the card was secure whilst sat in the restaurant for 1-2 hours before checking. I found this an unusual approach to a missing card. I'm not sure most people who realised their card wasn't where they thought it was, would then just leave it for several hours before checking the jacket (which was presumably nearby). That's particularly the case for Mr W because he'd reported the loss of his card (with another bank) under similar circumstances only a few months earlier.*

*Mr W also said he didn't know how to freeze his card for several days, but he did block it and unblock it later that evening. It seems to me here that he was aware how to prevent the unauthorised use of it, so I'm not sure what his argument is concerning the freezing of it.*

*I understand Mr W will argue that his account is accurate and that he was the one who lost out on his funds, but looking at the broader picture and the way the account was used, including:*

- the lack of attempts to use it after it was blocked.*
- The remaining funds left on the account which were accessible to the holder of the card.*
- The card remained active for some time after the last disputed transaction (meaning it could still be used).*
- The small cash withdrawal made after Mr W said it was lost (if it was a thief, this was purely to steal funds, so why would someone choose to leave funds in the account when they could've taken it all and had more cash?).*
- Two of the same stores were used to make purchases, matching other transactions made by Mr W.*

*This leads me to the current conclusion that the transactions weren't carried out by an unknown third party.*

*I've also thought about Mr W's assertion that he was given advice by a community police officer regarding the reporting he could make. Mr W says that based on the circumstances, it couldn't be reported to the police (because he couldn't say whether it was lost or stolen). As I wasn't present during this conversation, I can't be sure what Mr W was told, but Mr W can say (as he has here) that someone used his card without his permission. Essentially, Mr W's position is that his card was used without his authority – basically stealing his own funds. Unfortunately, there are no records that I've seen to show what was discussed, so I haven't given this much weight in my considerations.*

*In respect of Prepay's position here, I was a little confused in their response to Mr W. It's clear they didn't believe him but have chosen to apply considerations in respect of the proper use of the card, rather than be clear that they believed he'd authorised them himself. I don't think this makes any real difference here as Prepay's position is that they held Mr W liable for the disputed transactions. That is what this complaint is essentially about.*

*I do want to make it clear that the scenario painted by Mr W is one that is familiar to this service, and anyone can be the victim of a stolen card/PIN shoulder surfed. That includes someone who has asserted that this scenario has happened to them on multiple occasions. But here, based on a review of the available evidence, I continue to have some doubts that Mr W's explanation is accurate. I would also add that if Mr W's card was used with his knowledge, he'd also be liable for those subsequent payments.*

*It's my intention not to uphold this complaint as I think, based on a balanced assessment of the evidence, that Mr W was more likely than not responsible for these transactions and it was both fair and reasonable that Prepay held him liable.*

*My provisional decision*

*I'm currently intending not to uphold this complaint."*

I invited Mr W and Prepay to give me any more evidence and information they wanted me to consider before issuing my final decision. Prepay didn't have anything further to add about the complaint. Mr W made further comment. I've only included those comments or arguments that I think are relevant to the complaint. They're summarised as:

- The circumstances of the loss were plausible, and Mr W argues he's more likely to be targeted due to his background.
- He didn't act with gross negligence or any intent to deceive.
- The outcome is prejudiced based on the introduction of unrelated complaints/historic matters or generalised character inferences.
- Mr W believes that no new evidence was introduced, so it's unsatisfactory to infer undisclosed motives or dishonesty now and by doing so is speculative.
- His credibility is proven.
- He's never been found to have submitted a dishonest complaint.
- Prepay couldn't have known about previous FOS complaints, so shouldn't be relevant to the matter complained about.
- Prepay's actions to close the account were retaliatory.

## **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, and as neither party had anything further to add that would change my provisional decision, I see no reason to reach a different conclusion. So, this final decision confirms the findings set out in my provisional decision.

I will however address the comments and arguments made by Mr W.

I've read and considered the responses made by Mr W, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mr W has argued that it's essentially unfair for me to introduce other evidence not available to Prepay, or to use that information to make inferences. As an ombudsman, I have a remit to consider evidence I think is relevant to the complaint at hand. Here, I do think that Mr W's interactions with other complaints and claims he's made are relevant to the plausibility of his

testimony. That's particularly the case here given the repeated nature of claims that are based on similar circumstances as this one. This is relevant to how much weight I can give that testimony.

Mr W has made a strong argument that his credibility is proven. He's sent numerous pieces of information to support that related to his wider personal and work life. Whilst I acknowledge the information he's provided and make no comment about any other aspects of Mr W's life, I'm still of the opinion that the repeated claims of similar instances are implausible.

I also recognise that some people can be victims of crimes on multiple occasions for different reasons, including those mentioned by Mr W. But, given the overall picture, I just don't think, on balance, that this is the explanation here.

As I've already mentioned, I just don't think that a person who claimed to be a victim of a very similar incident in the recent past would be so casual to ignore the whereabouts of their card. Taken together with the other factors I've already considered, I don't think the scenario painted by Mr W is the likely explanation here.

In respect of Mr W's comments regarding evidence and fairness. Once an ombudsman receives a complaint, if the outcome changes, the provisional opinion is sent to both parties to enable them to comment and argue anything they disagree with. That's the case here and Mr W has been able to make multiple submissions in support of his complaint. So, I don't agree that he's not had opportunity to make his arguments or that it's in any way unfair to comment on matters that Prepay didn't have access to.

Prepay made their own decision based on information they had and once that complaint reached our service, a further investigation was carried out. Additional evidence was available for me to review, which I have done and remain of the opinion they're relevant to the complaint. I understand why Mr W wants the investigator's report to be the one that's relied on here, because it upheld his complaint. But I disagreed with that outcome, and I've explained why.

Prepay's decision to close Mr W's account appears to have been made following their earlier concerns about his multiple claims over a short period for different disputes. I don't think it was unreasonable for Prepay to close the account down with no notice based on the information they held and their concerns about the account's operation. I don't think they acted unfairly here, so I won't be asking them to do anything further.

I do however think that Prepay could've approached this complaint in a less confusing way. I think they should've been clearer with Mr W when they declined to refund him, although as I mentioned previously – it had little impact on the overall outcome.

Based on a combination of the specific details of this complaint, other complaint information and the lack of persuasive testimony from Mr W, this has led me to the conclusion that I think Prepay acted fairly when they held him liable for the disputed transactions. I think that Mr W was more likely than not responsible for the use of his card or allowed someone else to do so with his permission, so I won't be upholding his complaint.

### **My final decision**

My final decision is that I do not uphold this account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 7 October 2025.

David Perry  
**Ombudsman**