

The complaint

Mr B is unhappy that PSI-Pay Ltd have refused to refund seven transactions he says he didn't authorise.

Mr B opened an account with a firm I'll refer to as P. P had a business partnership with PSI-Pay which makes PSI-Pay responsible for Mr B's complaint. So, whilst Mr B engaged with P I'll refer to PSI-Pay throughout.

What happened

Mr B contacted PSI-Pay on 18 December 2024 to dispute seven transactions made on 12 December 2024. The transactions were made in quick succession to the same merchant and were for similar amounts totalling just under £700.

Mr B said he was alerted to the transactions after receiving payment notifications on his mobile, from PSI-Pay. At the time, Mr B was in hospital recovering from surgery and his phone was next to him when the notifications started. Mr B said he immediately blocked his card to prevent further transactions being made.

PSI-Pay concluded the transactions were authorised by Mr B because they were all made using Mr B's card that had been added to a digital wallet on 13 November 2024. PSI-Pay acknowledged the delays in responding to Mr B's complaint and offered him £100 compensation for this.

Unhappy with PSI-Pay's response, Mr B referred his complaint to our Service.

Mr B was frustrated that he wasn't able to contact PSI-Pay by phone and, when he contacted them through the chat bot or email, only received responses from what he thought were AI bots.

Mr B told us that his phone was secured using his fingerprint and nobody else had access to his phone. He also confirmed that his card was kept in his phone case and nobody had access to his card details. Mr B confirmed that he had set up his card on a digital wallet but rarely used it as he preferred alternative payment methods.

PSI-Pay said that live agents reply to emails and it wasn't a bot that asked Mr B to complete a chargeback form. PSI-Pay said the form wasn't completed so they couldn't raise a chargeback and the deadline for raising a dispute had now passed.

One of our Investigator's initially upheld Mr B's complaint as PSI-Pay hadn't provided evidence showing the payments were authorised. PSI-Pay then provided additional evidence showing the payments were authenticated using the digital wallet which led to the Investigator changing their opinion.

In summary, the Investigator thought that the transactions were made using Mr B's phone and his fingerprint would have been required to open his phone and enable the transactions

to be processed. The Investigator didn't rule out the possibility of a third party being involved but suggested that the police were better placed to investigate this further.

Mr B asked for an Ombudsman to consider the complaint again as he felt the transactions were made in such quick succession that it wouldn't be possible for a human to make them. The complaint was then passed to me for a 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.

When deciding this complaint, I have given regard to the Payment Services Regulations 2017 (PSRs 2017).

I've seen evidence of PSI-Pay's internal system which shows details of the disputed transactions including the payment method used. Based on this, I'm satisfied that all the payments were authenticated using a digital wallet.

But the PSRs 2017 state evidence of authentication alone isn't sufficient to show the transactions were authorised. Under the PSRs 2017, PSI-Pay can generally only hold Mr B liable for transactions that he either made himself or authorised someone else to make. The evidence I've seen of PSI-Pay's system shows that Mr B's card had been added to two iPhone devices. The card was tokenised on 10 August 2023 and again on 13 November 2024. The token created on 13 November was the one used to make all seven disputed transactions.

I've considered the steps involved in tokenising a card and whether a third party could reasonably add Mr B's card to a digital wallet without Mr B's knowledge or consent. PSI-Pay have shown that a one-time-passcode (OTP) was sent to Mr B's registered number and entered successfully which enabled the card to be tokenised on 13 November 2024. I'm satisfied the OTP was sent to Mr B as the number provided by PSI-Pay matches the number Mr B provided when he referred his complaint to us.

Based on this, it seems a third party couldn't have added Mr B's card to a digital wallet without first obtaining the OTP from Mr B's phone. Given Mr B has said his card remained in his possession, a third party would have needed to take and replace Mr B's phone without him realising. After obtaining Mr B's phone, the third party would then have needed to bypass the biometric security in order to access his messages containing the OTP. Mr B's device was secured with his fingerprint and so a third party would either have needed to bypass this or waited until Mr B unlocked his device and somehow taken the device from him. On balance, it seems highly unlikely that a third party would be able to compromise Mr B's device in this way without him noticing.

I've considered what Mr B has said about the transactions being made in quick succession. PSI-Pay have explained that all the transactions occurred in around 95 seconds which is possible using a digital wallet if the device remained unlocked. On balance, numerous transactions in a short space of time aren't necessarily suspicious and I'm not persuaded the speed is such that it would have been impossible for the transactions to have been made by a human, as Mr B has alleged.

Overall, there's no plausible explanation for how a third party was able to obtain the OTP and register Mr B's card to the digital wallet, without his knowledge and consent. So, on balance, I think Mr B more likely than not consented to his card being added to the wallet and therefore gave consent for the transactions that followed. As a result, I'm satisfied that

the disputed transactions were authorised and it's therefore reasonable for PSI-Pay to hold Mr B liable for them.

Although this doesn't appear to be the crux of Mr B's complaint, I've also considered what Mr B has said about not being able to speak to a real person at PSI-Pay and the impact that's had.

I understand the chargeback form may not have been returned because Mr B was frustrated at speaking to a bot and whilst I'm not persuaded the form was sent by a bot, I've found that it makes no material difference to Mr B's prospect of recovering his money. I say this because even if the chargeback had been raised it was highly unlikely to have been successful because the evidence shows the transactions were authorised by Mr B.

From what I've seen, PSI-Pay set out how customers can contact them on their website as well as that their chat bot uses AI. I think PSI-Pay reasonably did enough to make Mr B aware of his options, and which options utilised AI bots, so Mr B could decide whether to open an account with them. I appreciate Mr B would have preferred to call but PSI-Pay made a commercial decision not to offer customer support over the phone and it's not within my powers to direct them to change that.

I appreciate Mr B will likely be disappointed by my decision because he was hoping for a refund of the transactions. The impact of my decision isn't lost on me but for the reasons I've explained above I won't be asking PSI-Pay to do anything further here.

PSI-Pay's offer of £100 to compensate Mr B for PSI-Pay's delay in responding to his complaint falls outside of my remit so, if Mr B wanted to accept PSI-Pay's offer, he would need to contact PSI-Pay directly.

My final decision

My final decision is that I don't uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 11 March 2026.

Freyja Dudley
Ombudsman