

The complaint

A limited company 'A' complains that Prepay Technologies Ltd (Prepay) didn't do enough to prevent the loss suffered when A was the victim of a scam.

The complaint has been brought by Mr S (who is a director) on A's behalf. But, for ease of reading, I'll mostly just refer to Mr S himself where I mean his company, A.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide an overview of some of the key events here. In November 2021 Mr S instructed two payments from A's account with Prepay to an account controlled by another business I'll refer to as 'P'. P held this account with another bank 'T'. The payments both appear on Mr S' statements on 26 November 2021 and were each for £10,000.

At the time, Mr S says he believed he was making an investment on A's behalf into P. The contract he's shared indicates that Mr S would lend P £20,000 for a one-year duration after which he'd be repaid. And whilst no interest was payable, Mr S would receive 4,000 shares in P.

Mr S describes how he was introduced to the investment by a financial adviser who had met P's owners and done a great deal of research. He also had other friends who had invested with P and conducted his own extensive research. He says the same person who initially introduced him later told him he'd discovered P were operating a scam. The matter was reported to the police and Mr S complained to both Prepay and T.

Neither bank provided any redress, although Prepay did offer him £30 for the impact of any service failings. Mr S referred his complaint about Prepay to our service and ultimately, one of our Investigators didn't recommend it should be upheld. As a very broad summary she wasn't persuaded it was unfair for Prepay not to have offered a refund. Mr S disagreed and asked for an Ombudsman to review his complaint.

In November 2025 I issued a provisional decision in which I said:

"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'm intending to reach the same overall outcome as our Investigator. But as I'm providing some additional reasoning, I'm issuing this provisional decision to give both sides a further opportunity to comment before my decision is finalised. I'm also aware of Mr S' linked complaint about T, but this decision only relates to the actions of Prepay.

Firstly, there is no automatic right to a refund for Mr S from Prepay in these circumstances. Even though I accept he's been a victim of a scam. Mr S believes that Prepay should refund him under the Lending Standard's Boards Contingent Reimbursement Model (CRM Code). This was a voluntary scheme which was in place at the time of his payments through which

victims of scams could sometimes recover losses to scams from the banks involved. He's highlighted how other victims of the same scam have got their money back under the CRM Code (through other banks / Payment service providers, PSPs). I've considered this but I don't agree. Prepay weren't a signatory to the CRM Code and there was no obligation for them to be. So it can't be used as a reason in this case to direct that they do more.

Mr S says that Prepay (or specifically 'M' as the brand his account was with) are owned by a larger bank 'N' who are signed up to the CRM Code, so he thinks Prepay should be too. Mr S also highlighted that the complaint response included Prepay telling Mr S that whilst they aren't a signatory to the CRM Code, they 'do still try to adhere to the framework it provides'. So, I can to an extent understand why Mr S see's things as he does. That being said, I've found no other supporting evidence that Prepay had publicly claimed that they would follow the CRM Code despite not being a signatory to it. And I think the error by Prepay here is that they haven't been clear in their complaint response, rather than they've declined to apply the CRM Code to Mr S' situation when they otherwise would've done. And I don't agree any lack of clarity in how things were worded means that they are obliged to apply the CRM Code in this case. So overall, I don't think Prepay have acted unfairly by not applying the CRM Code.

But beyond the CRM Code, Prepay still have obligations to be alert to fraud, scams and the misappropriation of funds. They should also fairly do what they can to protect their customers from these risks. But even if I were to say that Prepay ought to have intervened in the payments Mr S was making at the time, this would've primarily been with a view to asking questions and providing relevant warnings about any potential scam risk. But I don't think any level of intervention that could fairly have been expected would've resulted in the discovery that P were operating a scam at that time. Mr S' own research, as well as his associate having met the owners and similarly conducted research, means I don't think there was any information in the public domain at that time that would've enabled Mr S to conclude that P were operating a scam or would've influenced his decision to continue with the payments. In short, I don't think there is a causal link between any lack of intervention in Mr S' payments by Prepay and the loss suffered. It follows that this isn't a reason that I could fairly use to direct that Prepay need to do more.

Mr S reported to Prepay that he'd been scammed in 2022. Prepay contacted the recipient bank and were told that his funds had been sent on from the recipient account by the end of November 2021 and that nothing remained to be returned. In light of this, I don't think anything Prepay did or didn't do (once informed of Mr S' allegation) impacted whether a recovery could be made.

For completeness, I also note that Prepay offered Mr S £30 compensation for some service failings. Here, the complainant (and only entity I could make an award to) is 'A' a limited company which can't experience distress. And I'm not persuaded that Prepay's handling of matters or the service provided was so poor that it would've caused material inconvenience to A or that I could fairly make a compensatory award on that basis. This includes the impact of the wording of their complaint response that I'd referred to above. So whilst I'm not going to make an award, it is up to Mr S as to whether he wishes to contact Prepay about the £30 if this is something they'd still be prepared to pay.

Overall, I'm of course sorry to hear that Mr S lost the money he did. But, for the reasons I've set out, as I don't think the CRM Code applies here, or that Prepay are responsible for the loss, there isn't a reasonable basis upon which I can require them to do more to resolve this complaint."

Prepay responded and said they had no further comments. Mr S provided a response which I'll address below.

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.

The response that Mr S provided referenced the actions of T against whom I'm considering a linked complaint. No further comments or evidence were provided in relation to what I've said above in relation to Prepay. As such, I see no reason to deviate from the outcome I've explained above.

My final decision

For the reasons set out above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask A to accept or reject my decision before 7 January 2026.

Richard Annandale
Ombudsman