

The complaint

Mr W complains that PSI-Pay Ltd (PSI) failed to refund two transactions he didn't recognise.

What happened

Mr W held an account with PSI which included the use of a payment card. The card was secured with a personal identification number (PIN). Mr W has said that on two separate occasions, he believes his PIN was observed and his card(s) were then stolen to be used to withdraw cash from automated teller machines (ATMs).

These incidents happened roughly 6 weeks apart. The first one, in February 2025 Mr W has explained that he had to re-enter his PIN at the ATM. He's said he was careful to protect the PIN from others nearby, but as he's relatively short in stature, this isn't easy. He believes that despite covering the entry of his PIN, others observed it and targeted him to steal his card from his pocket without his knowledge. Mr W believes they then used the card and PIN to withdraw £190 from his account. Mr W reported the loss as soon as he noticed he no longer had his card. He was provided with a new card by PSI.

On the second occasion, Mr W said he was using his card and PIN at various shops and reported that it was very busy. Mr W again believes he was "shoulder surfed" whilst he input his PIN into the card payment machine(s).

Mr W went on to say that during the various transactions, he repeatedly mis-entered his PIN into the machines which Mr W says could've given those observing him opportunity to see his PIN. He also said that he had to check his banking app to view his PIN which gave others the chance to view his PIN. He again believed his card was then stolen from his pocket.

Mr W said that the loss of these funds had a profound effect on his financial stability and emotional well-being.

When Mr W reported the losses to PSI, they looked into both incidents. In both cases they declined to refund the payments. Mr W complained to PSI who reviewed the evidence and wrote to Mr W. They again declined to refund Mr W for both transactions.

PSI argued that there were no chargeback options for them to challenge the transactions. PSI said that Chip and PIN transactions (the use of the card and PIN) were a secure form of payment and the use of them constituted an authorised transaction.

Mr W was referred to the police to pursue the matter.

Mr W was left unhappy by PSI's response and then brought his complaint to the Financial Ombudsman Service for an independent review.

An investigator was assigned to look into what had happened and reviewed evidence provided by both parties.

Mr W continued to argue he wasn't responsible for the two transactions and believed his PIN

was observed on two separate occasions as well as his card being stolen twice.

Mr W was able to say that:

- On the first occasion he used two different ATMs because one wasn't working. Mr W also had to answer a phone call whilst entering his PIN. Mr W said he didn't fully protect his PIN on the first occasion and on the second he entered it slowly to make sure he did it correctly as he'd entered it incorrectly just prior to that.
- He didn't report the matter to the police as he was advised it wouldn't be investigated due to high levels of crime.
- Mr W believes he didn't act recklessly and tried to protect his PIN. He thinks the crowded areas allowed thieves to view his PIN and steal his card. Mr W argued his height makes it easy for someone to look over his shoulder.

PSI provided details of the transactions and their investigation into the matter. They confirmed the disputed withdrawals were made using Mr W's genuine card and PIN. PSI argued that there was no evidence of a compromise, and the transactions were authorised using the card and PIN.

After reviewing the evidence, the investigator didn't recommend that Mr W's complaint be upheld. The investigator didn't think it was likely that someone could observe the PIN, even if Mr W hadn't fully covered it. He said even if it was partially covered, it was unlikely that someone could determine what the PIN was.

The investigator remarked that the two incidents occurring in such a short space of time was implausible. Reference was also made to other "near identical" complaints raised with other banking providers.

Doubt was cast on Mr W's assertion that he checked his PIN just prior to losing his card on the second transaction. Records didn't support this and showed Mr W had last checked his PIN some days earlier.

The investigator wasn't persuaded by Mr W's explanation and didn't think it was plausible. It was concluded by the investigator that Mr W was likely responsible for the transactions himself.

Mr W disagreed with the investigator's conclusions and argued that:

- He'd advised he'd checked the PIN some days earlier and the compromise could've happened between those days. Mr W denied suggesting he'd viewed his PIN on the day of the withdrawal.
- Mr W denied making similar reports to other providers. He went on to say that if he had experienced similar issues, this was supportive of his case that he's particularly vulnerable to this type of crime.
- He also said that his actions had been consistent with someone who'd lost his card. Mr W believed the way the account was used pointed to a thief and (on the first occasion), because he'd taken £10 from an ATM to pay for a haircut, he had no more need for cash.

The investigator responded and highlighted the statements made by Mr W in respect of the dates he said he checked his PIN.

Mr W wrote further, arguing that he had no intent to mislead anyone with his comment about when he checked his PIN. He went on to say that because he has learning difficulties, this can sometimes affect his ability to express himself.

As no agreement could be reached, the complaint has now been 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.

The relevant law surrounding authorisations are the Payment Service Regulations 2017. The basic position is that PSI 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 PSI cannot say that the use of the card and PIN conclusively proves that the payments were authorised.

Unless PSI 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 PSI 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.

Mr W has claimed that he suffered two instances of his card being stolen and his PIN observed.

I've considered the likelihood of somehow having the PIN observed on two separate occasions, to then have the cards stolen. Given that these events are said to have happened only weeks apart and Mr W didn't report either episode to the police, I have some difficulty with the plausibility of the claimed events.

Mr W has said he attempted to hide the PIN, but as the machines were so crowded, someone must have seen him enter them. Given the similar experiences Mr W has also claimed, I've had some doubts believing that he continued to be so open with his PIN that thieves were able to view it and then steal his card on multiple occasions.

Whilst it's not particularly unusual for this type of theft to happen, I'm not convinced Mr W was the repeated victim of such theft.

Taking the second instance – Mr W said in his written complaint form that he incorrectly entered his PIN on several occasions which gave someone repeated opportunity to observe the PIN. If Mr W was repeatedly getting the PIN wrong, I don't see how much help that would've been to whoever was able to view the PIN entry as they'd have the wrong digits.

Mr W also said, *"I later used the Pockit app's PIN viewing feature, where each digit is revealed individually, which I now suspect was also observed without my knowledge due to the lack of privacy in the area."*

When Mr W was told that there was no evidence of him viewing the PIN at that time, but there was evidence to show he'd checked it on 26 March, he responded by saying:

"The second incident on 29 March 2025 occurred under different but still high-risk conditions

(e.g. crowded self-checkouts). You state I did not access my PIN on that date via the app. However, I previously viewed my PIN on 26 March 2025, due to having forgotten the final digit—something I clearly stated. This supports my explanation that the compromise occurred between the 26th and 29th, not necessarily on the 29th itself. I did not suggest I viewed it on the 29th.”

Mr W appears here to have adapted his version of events based on information he was given that cast doubt on his earlier story. There’s no evidence he checked his PIN on 29 March despite Mr W clearly stating this in his written complaint to our service and then clearly stating he hadn’t said this.

It’s also the case that Mr W has made other claims about similar events, despite Mr W inferring he hadn’t made such. He argues that even if he had, this would support his case that the current claims are evidence that shows he was a victim of two more instances. I’m afraid I don’t agree, I think it’s unlikely that Mr W would be the repeated victim of losses from his card in the way he’s described.

Based on what he’s said here and the multiple other attempts to obtain refunds, I do think there’s a question over the credibility of Mr W’s evidence. Given this, I haven’t put much weight on the explanations he’s provided.

PSI believe Mr W was himself responsible for the two withdrawals he disputed. Whilst PSI cannot rely purely on the payment data (the use of the Chip and PIN) to deny a claim, they can (and did) assess the overall circumstances. They didn’t believe Mr W’s testimony and having now reviewed and considered all the information available to me, I don’t think their assessment was either unfair or unreasonable.

Given all of this, I think it was more likely than not that Mr W was responsible for these transactions, and it was fair and reasonable for PSI to hold him liable.

My final decision

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

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr W to accept or reject my decision before 1 December 2025.

David Perry
Ombudsman