

The complaint

Mr N has complained Prepay Technologies Ltd won't refund him for transactions he didn't authorise.

What happened

Mr N holds a Monese account, provided by Prepay Technologies. In May 2025 Mr N went to stay overseas and, on a night out, Mr N had his phone stolen. He's unsure whether he may have been using it at the time.

There were numerous transactions attempted and made using Mr N's different banking apps including Monese. There was a payment made from Mr N's Monese account to one of his other bank accounts (with a bank I'll call R) and then four international payments made to named individuals. Those four transactions amounted to £1,358.95.

Mr N told Monese what had happened and believed they would refund him. As Monese considered they had sufficient evidence Mr N had more than likely made these transactions, they wouldn't refund Mr N. Monese accepted *"that several contacts initiated by Monese were not the best"* and paid £25 compensation to Mr N.

Mr N brought his complaint to the ombudsman service. He could show two other banks had stopped attempted transactions. He expected Monese to refund him. He was also concerned about a loss of around £300 which Mr N felt couldn't be explained.

Our investigator believed there was sufficient evidence to show Mr N had been the victim of fraud after his phone was stolen. He explained to Monese that it was not his role to explain how the fraud took place but accepted Mr N's evidence. This was backed up by Mr N's purchase of a new phone and SIM, along with reporting the fraud to Action Fraud. He asked Monese to refund £1,358.95 to Mr N, but felt there was no evidence to show there was a further £300 loss on Mr N's Monese account.

Monese wouldn't agree to this resolution. They remained concerned that Mr N had delayed informing them of any fraud and couldn't understand why he'd not reported the theft to the police overseas. They didn't accept the transactions were fraudulent.

Mr N's complaint has been referred to an ombudsman.

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, I've reached the same outcome as our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

It's worth stating that I can choose which weight to place on the different types of evidence I review, including technical evidence, provided by financial institutions along with complainants' persuasive testimony.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

The regulations which are relevant to Mr N's complaint are the Payment Services Regulations 2017 (PSRs). These primarily require banks and financial institutions to refund customers if they didn't make or authorise payments themselves. There are other factors to take account of including whether Mr N has acted with gross negligence or intent to share his security details.

I note Monese referred to their obligations under the Authorised Push Payment Refund scheme, but didn't seem to consider what was required of them under the PSRs. This should have been their primary consideration at the time.

To help me come to a decision, I've reviewed the evidence Monese provided as well as Mr N's testimony. I've also seen the evidence that Mr N provided to our investigator which demonstrates him getting a replacement phone and SIM, along with his report to Action Fraud.

I'm satisfied there is sufficient evidence to show Mr N didn't authorise these transactions. I say this because:

- Mr N was out after most likely a sociable evening. This was an area full of clubs, bars and restaurants and despite it being early in the morning, Mr N has told us it remained busy. It's also the case that criminals may target this area and would be looking for potential victims by either shoulder-surfing or threatening them.
- It's well-known for phones to be stolen whilst they are in use. This does enable fraudsters to use a phone and potentially access codes which may be stored in password-protected notes and then banking apps. Mr N is unsure whether he was in the midst of using his phone, but it is possible – noting the tropes of these types of crime – his phone was open, when his phone was stolen. I can see there being a clear point of compromise for a third party to access Mr N's phone. In this case his Monese app was accessed, along with other banking apps that Mr N held.
- As Mr N's phone was not in his possession, I am clear that under the PSRs I don't see that Mr N consented to these disputed transactions.
- I've seen evidence that two of Mr N's other banks blocked any fraudulent use. There was a payment of £84.62 from Mr N's Monese account to R but these funds remained within his control, so I won't be asking Monese to refund this amount. That said, as the payment was initiated from Mr N's Monese account without his consent, there was an associated fee which will need to be refunded.
- Mr N's testimony has remained consistent throughout the complaint he's brought to our service. I also can't ignore the other instances of attempted fraud that took place and were blocked.
- Monese hasn't explicitly suggested there could be gross negligence. The test for gross negligence is – as they know – a high bar and I don't believe it's been met here. I've seen nothing which definitively shows Mr N stored access information to

his banking apps without further protection. Rather Monese has argued that Mr N knew what was going on and was part of the fraud. I don't believe there's any real dispute that Mr N's phone was stolen so I believe there's sufficient evidence that a compromise of his accounts took place.

- I've considered whether Mr N could have lied to both his bank and our service. But there's no logic for this view. I've seen no reason to doubt Mr N's testimony which is backed up by other evidence.
- I appreciate Monese believes Mr N wasn't as prompt as they expected in informing them what had happened. I'm not convinced that 48 hours after the theft could be seen as much of a delay. I also don't agree Mr N was required to notify the local police of the theft, nor is the fact that he didn't a disqualifying feature. Although obviously it may have made things easier subsequently.
- It seems clear to me that Monese refused Mr N's claim on the basis that they couldn't see any compromise. I also can't pinpoint exactly how a fraudster committed the fraud, but the PSRs don't require me to do so. It's worth stating that I'm satisfied, based on what I've said above, that there are scenarios which enable a third party to access what they needed from Mr N's phone.

I will be asking Monese to refund Mr N.

Putting things right

Mr N lost £1,358.95 from his Monese account as the result of fraud. Monese will need to reimburse him. They should add the transaction fees they charged Mr N for the five disputed transactions. This includes the payment to Mr N's account with R, despite there being no requirement for that transaction amount of £84.62 to be refunded.

They will also need to add 8% simple interest from 22 May 2025, the date of the disputed transactions.

Like our investigator, I can see no loss of £300 from Mr N's Monese account after having reviewed the statements for his account. I also believe that Monese has properly compensated Mr N for their service failings.

My final decision

For the reasons given, my final decision is to instruct Prepay Technologies Ltd to:

- Refund Mr N for four disputed transactions, amounting to £1,358.95;
- Refund five associated fees for the disputed transactions; and
- Add 8% simple interest to the disputed transactions from 22 May 2025 to the date of settlement.

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

Sandra Quinn
Ombudsman