

The complaint

Ms G complains that Prepay Technologies Ltd won't reimburse money she lost to fraud.

What happened

As the circumstances of this complaint are well-known to both parties, I have summarised them briefly below.

In or around January 2025, Ms G was contacted by an unknown third party on a social media platform, claiming to be a financial advisor offering an investment opportunity with a company I will refer to as Company Q.

Ms G was persuaded to invest and between 15 and 27 January 2025 made six payments from her Prepay account to a crypto asset wallet held with a third-party firm. These crypto assets were then purportedly forwarded on to Company Q for the purpose of that investment.

Ms G discovered she'd been the victim of fraud when she couldn't withdraw her funds and contact with representatives of Company Q went unanswered. So she raised a fraud claim with Prepay.

Prepay chose not to reimburse Ms G and allowed our service to consider her complaint without it providing a formal response. However, in its submissions to our service, Prepay pointed out that Ms G had paid an account in her own name and not directly to the fraudsters.

An Investigator considered the evidence provided by both parties, and concluded that Prepay ought to have done more to protect Ms G. But they also found that Ms G ought to have done more to protect herself. They recommended that Prepay partially reimburse Ms G her loss.

Prepay disagreed with that assessment, so the matter was passed to me to decide.

On 28 January 2026, I issued my provisional findings to both parties, setting out that I was minded to reach a different outcome to that of the Investigator. Those findings were as follows:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In deciding what's fair and reasonable in all the circumstances of a complaint, 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 time.

There is no dispute here that Ms G authorised the transactions in question. And the starting position in law is that she will be held liable for transactions that are authorised in the first instance. That is due to Prepay's primary obligation to process payments in line with its

customer's instructions, as set out in the Payment Services Regulations 2017.

However, taking into account the above considerations, Prepay ought reasonably to have been on the lookout for any transactions that would indicate Ms G was at risk of financial harm from fraud. And where it identifies a risk, it ought reasonably to intervene in that payment, ascertain the purpose of it, and provide warnings relevant to the risk presented.

Having considered Ms G's account history with Prepay, it is clear that some of the payments she made were well outside the normal operation of her account. Ms G generally used her account for day-to-day expenditure and occasional low-medium value money transfers. And this was the case for several years prior to the payments subject to this dispute. I also agree with our Investigator's assessment that these payments were identifiably being transferred to a crypto asset platform, and therefore had higher risk associated with them.

For all the above reasons, I find Prepay ought to have been concerned about the payments being made. And that concern was substantial enough to have warranted an intervention by Prepay prior to releasing the payments; the purpose of which being to establish the reasons for those payments and to eliminate the possibility of financial harm.

However, I do disagree with our Investigator's assessment that this intervention would have led to the uncovering of the fraud, and subsequently the making of further payments to the fraudster.

In reaching my findings, I acknowledge that I cannot know for sure what the results of any intervention would've been. However, I can make an assessment, on the balance of probabilities, of what likely would have happened considering the evidence that is available to me.

It is clear from the responses Ms G has provided to our Investigator, along with the chats she has provided between her and the fraudster, that Ms G was subjected to extensive social engineering and coaching. I can see within the chats that Ms G was told how financial businesses might respond to the transfers being made, and calls took place between Ms G and the fraudsters, likely to discuss how to deal with any interventions. I can see the fraudsters also actively encouraged Ms G in the chat to answer questions asked confidently.

This coaching was effective. Our service has obtained telephone calls from another of Ms G's banks, where she funded the transactions subject to this dispute. Prior to two of the payments to Ms G's Prepay account, that bank intervened and contacted Ms G to establish the purpose of those payments and to offer fraud advice. In both these calls, Ms G was dishonest as to the purpose of the payment—in one call stating she was funding day-to-day expenditure in the account, and in a larger payment, stating she was paying for a family member's medical fees abroad.

The representatives of that bank challenged Ms G thoroughly on these claims by asking probing questions, likely designed to see if Ms G's testimony stood up to challenge. And Ms G answered these questions confidently. This demonstrates that Ms G was professionally coached to respond to questioning and was determined to hide the true nature of the payments from the bank.

I find it likely that had Prepay carried out a similar intervention, Miss G would have done the same. I see no reason why she would have attempted to hide the truth from one financial business, but not another. And it's clear she was seeking assistance from the fraudster at each step to ensure the funds were paid to their end destination. I doubt that assistance would have entailed revealing the true nature of the payments to Prepay.

While I appreciate that these payments were going to a crypto asset wallet in her name, rather than another account, I don't find that would have prevented Ms G from hiding the true nature of the payments. I find it likely that another story would have been concocted, or the same used in variation, in order to circumvent fraud prevention measures and have the funds paid on.

It is for these reasons that I find it unlikely Prepay would have been able to identify Ms G was in the process of being defrauded, and it likely would have been unable to warn her about the risks of investment fraud considering it would have been unaware of the true nature of the payments. I therefore find that it would be unreasonable to expect Prepay to reimburse her loss in these circumstances.

I know that will come as a disappointment to Ms G, and I am sorry to hear of the loss she has suffered as a result of the fraud committed against her. But Prepay can only be held liable for that loss where it could have prevented foreseeable harm. And due to Ms G's determination to make payments toward this investment without revealing the true nature of them, I don't find it likely Prepay would have been able to prevent her loss."

Both parties were given until 11 February 2026 to provide any further comment or evidence for me to consider before reaching my final decision. As that date has now passed, I'm able to issue my final 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.

Prepay provided no response to my provisional findings, but Ms G disagreed. I have read Ms G's response carefully and have noted the salient points of her argument as follows:

- she is eligible for reimbursement under the APP scam reimbursement rules.
- intervention ought to have been carried out sooner, as it was clear the payments were going toward crypto assets.

APP scam reimbursement rules

Ms G is correct to point out that mandatory reimbursement rules were introduced in October 2024 for victims of authorised push payment fraud. However, the scope of those rules only covers payments where:

“the payment is settled to a Relevant account under the control of a Receiving PSP in the UK that is not controlled by the Consumer”

Our Investigator already set out in detail in their view that the payments Ms G made were to a crypto wallet in her name. And they went on to point out that evidence provided by Prepay confirmed that the wallet was opened using legitimate identity documents, “liveness” checks— involving Ms G providing a selfie—, along with email and SMS confirmation being carried out using Ms G's legitimate email address and telephone number.

Ms G didn't contest these points following on from our Investigator's view, so I didn't comment on them in my findings. But for the avoidance of doubt, I concur with that assessment. The evidence would suggest that Ms G was responsible, at least in part, for opening the account where the funds were sent to. So this was an account she likely opened and controlled.

There were also credits into Ms G's account from that crypto wallet after the fraud payments were made, suggesting that she was sending money back to her account from that wallet. Ms G has suggested that it was the fraudster that sent these payments back to her, but I don't find that to be a likely explanation here. It is unlikely that after obtaining substantial funds from a victim that a fraudster would send over a third of those losses back to the victim.

Overall, I'm satisfied that Ms G was likely in control of the crypto wallet where her funds were sent to. It therefore follows that the payments she made are not covered under the scope of the mandatory reimbursement rules she has referred to.

Better interventions

I have already acknowledged in my provisional findings that Prepay ought to have carried out interventions. So Ms G and I do not disagree on this point.

The principal reason for not upholding Ms G's complaint is that I find it more likely than not that any further interventions would not have uncovered the fraud here, or stopped Ms G from continuing to make payments. Ms G was persuasive and confident in prior interventions where she was dishonest as to the payment purpose. And I find it likely that had Prepay intervened again, Ms G would have been able to replicate this when challenged.

For the above reasons, I'm not persuaded to depart from the findings set out in my provisional decision, as I don't find it likely Prepay would have been able to prevent Ms G from being the victim of fraud. It would therefore be unreasonable to hold it liable for her losses.

My final decision

For the reasons I have given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 12 March 2026.

Stephen Westlake
Ombudsman