

## The complaint

Mr R complains that Think Money Limited has declined to refund a disputed transaction that was made from his account after he was the victim of a scam.

## What happened

On 7 January 2025, Mr R received a telephone call from a person claiming to be a member of Think Money staff. This person told Mr R that the bank had identified unusual, attempted transactions on his account and they were going to put a stop on his card. But this person was actually a fraudster.

During this telephone call, Mr R says he disclosed personal and account security information under the belief that he was speaking with Think Money itself. This disclosure enabled the fraudster to register a device and approve a transaction via the Think Money app.

When Mr R realised money had been taken from his account, he contacted Think Money and discovered he'd been the victim of a scam. He asked it to refund the £1,039.39 transaction that had been made by the fraudster, but it didn't believe it was liable for his loss. Mr R raised a complaint, and in response, it said:

- It was sorry that Mr R fell victim of a scam.
- Mr R was given a number of warnings and red flags in app and by email in relation to scams prior to the telephone call he received. So Mr R should've been aware of this scam.
- After the scammer registered their device to Mr R's app, he was sent a message and a push notification to confirm a new device had accessed his account. But he didn't follow the instructions in the message.
- It expects its clear warnings to be adhered to in order to prevent this type of scam.
- Due to the one-time passcode (OTP) being compromised and shared with the scammer, it would not be issuing a refund.

Mr R then referred his complaint to our service where it was considered by one of our investigators. He didn't think Mr R had authorised the disputed transaction, nor did he think Mr R's actions leading to the disputed transaction could be considered 'grossly negligent.' So he felt Think Money should refund Mr R his loss, plus interest, and pay £100 compensation.

Mr R accepted our investigators findings, but Think Money did not. It said it was very sorry that Mr R was scammed, but as the fraudster only had access to his details due to his gross negligence, it asked for an ombudsman to decide the complaint. So the complaint was passed to me, and I issued a provisional decision on 10 February 2026. I said:

*'Firstly, it's important to note that Mr R has clearly been the victim of a social engineering scam, where he was tricked into completing certain steps under the belief that he was trying to protect his money from fraudsters. I was sorry to hear that Mr R was instead, deceived by a fraudster who took advantage of him. This can't have been an easy time for him at all.'*

*It's clear that Mr R was taken in by the fraudster. He says they were very convincing and had prior knowledge of his Think Money account. I accept that at the time, Mr R was of the belief he was taking positive steps with his money, and following the scammer's instructions under the belief he was securing his money from fraud.*

*The Payment Services Regulations 2017 (PSRs) say, in summary, that a payment service provider is entitled to hold a customer liable for authorised transactions. But that it should generally refund a transaction that comes out of one of their consumer's accounts that they didn't authorise. There are limited exceptions to this, such as when the consumer has breached their obligations to keep their security credentials secure either intentionally, or by being grossly negligent with them. But I will go on to explain why these exceptions do not apply in the circumstances of this complaint.*

*Where a payment is authorised, that will often be because the customer has made the payment themselves. But there are other circumstances where a payment can be considered authorised, such as where the customer has given permission for someone else to make a payment on their behalf.*

*Here, it doesn't appear to be in dispute that Mr R didn't make the transaction himself – the scammer did. I also haven't seen any compelling evidence he gave the scammer permission to make card transactions on his behalf. I realise Mr R disclosed personal and account security information which enabled a fraudster to access his account and make payments, but Mr R has been consistent in saying that he thought the caller was Think Money and that they needed to access his account to secure it. I don't think the steps Mr R took, or his understanding of the matter, amount to him consenting to a third party making any payments on his behalf. So I don't consider that Think Money can hold Mr R liable for the disputed transaction on the basis that he authorised it.*

#### *Was the transaction a distance contract?*

*The PSRs set out situations in which Think Money can hold Mr R liable for unauthorised transactions. As this transaction was made online, and not physically present with the merchant, it can be considered a "Distance Contract". Section 77 of the PSRs explains that a payer is not liable for any losses in respect to unauthorised payments in relation to a distance contract. I'm satisfied that Mr R didn't authorise these payments, so as per the PSRs these should be refunded to him.*

*Think Money has argued this isn't a distance contract because Mr R wasn't party to it. But the PSRs refer to the refunding of unauthorised distance contracts - which wouldn't be possible as the victim of an unauthorised transaction is never going to enter into the contract. And Think Money's own terms don't specify that a customer needs to be party to the contract in order to receive a refund. So, I don't agree with Think Money's interpretation here, and I'm satisfied that this disputed transaction is a distance contract as per the PSRs.*

*So in view of the above, I've not gone on to consider whether or not Mr R acted with gross negligence which enabled the disputed transaction to be made. I realise Think Money has made many arguments as to why the steps Mr R took amount to this, but none of these arguments are applicable to the circumstances of Mr R's case.*

*Therefore, in the circumstances of this complaint, as I don't find that Mr R authorised the disputed transaction, and because there are no other situations where Think Money is entitled to hold him liable for the disputed transaction, I intend to uphold this complaint.*

*I realise our investigator recommended Think Money pay £100 compensation to Mr R. But in view of the overall circumstances, I don't think this is warranted. Think Money investigated*

*his fraud claim thoroughly, and whilst I'm minded to reach a different outcome, I find refunding the disputed transaction plus interest, is a fair and reasonable outcome to this complaint.'*

### **Responses to my provisional decision**

Mr R accepted my provisional decision and didn't provide any further comments for me to consider.

Think Money didn't respond by the deadline I set.

### **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.

As no further comments have been put forward for me to consider, see no reason to depart from my provisional findings.

I remain satisfied that Mr R didn't authorise the disputed transaction. And because there are no other situations where Think Money is entitled to hold him liable, it needs to return his loss.

### **Putting things right**

It's my final decision that Think Money Limited must:

- Refund the total value of the disputed transaction to Mr R.
- Pay 8% simple interest on this amount, from the date of the transaction debiting to the date of settlement.\*

\*If Think Money considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr R how much it's taken off. It should also give Mr R a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

My final decision is that I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 25 March 2026.

Lorna Wall  
**Ombudsman**