

## The complaint

Miss H complains PSI Pay Ltd (PSI) didn't refund payments from her account and provided poor service. She wants the payments refunded.

## What happened

Our investigator set out the background to Miss H's complaint in detail, including both parties positions. I'm not repeating everything that was said, except for the below summary.

Miss H held an account with PSI. On 9 April 2024 she says she fell victim to a scam where she was persuaded to move funds from an account she held in a bank account to her PSI e-money account. She says she handed over her card and PIN to a courier believing it would protect her money. She says her father also fell victim to the scam.

She says the scammers made several payments she didn't agree to on 9 and 10 April 2024, which should be refunded. These were two large in-store purchases with two different retailers and an ATM withdrawal on 9 April 2024, and a further ATM withdrawal on 10 April 2024.

PSI refused to refund the payments and decided to close her account.

Miss H explains she has learning difficulties which affect her communication, her ability to easily understand information, and her confidence to challenge what people tell her. She feels she has been treated unfairly by PSI in relation to her vulnerability.

She is represented by her brother in this complaint.

Our investigator didn't uphold the complaint. In summary, they found:

- The loss Miss H is raising isn't hers in full. Some of the funds came from her friend who she says also fell victim to the scam. Her father paid her friend back, and there is no indication she has to pay her father back. It was not appropriate to tell PSI to pay for a loss that is no longer outstanding.
- Miss H said she was told to move funds over the phone. She has given call logs of calls she received from the private number she says the scammers used. But the information from PSI shows she first moved funds to her PSI account several hours before the first call. And, the first payment was made in a store using her card and PIN also before the first call.
- Miss H told PSI she handed the card to the courier on 10 April 2024. This would mean the disputed payments made in store on 9 April 2024 couldn't have been made because of the alleged scam. She also said her credit cards and PSI card were taken by the courier along with personal possessions belonging to her parents. But in her complaint to our service, her brother said the courier came on 9 April 2024, and Miss H didn't have credit cards.

Miss H hasn't provided a police report to show exactly what was reported to the

police, although her brother said they chased for a response. It was important to understand what was reported, given the seriousness of what is said to have happened.

Due to inconsistency around key facts, there wasn't enough evidence to support what Miss H said or to show the disputed payments happened because of a scam.

- Even if Miss H hadn't agreed to the payments, it wouldn't be fair to ask PSI to refund them. While considering Miss H's vulnerability, it was still reasonable for her to have questioned why she needed to give her card and PIN away and for her to have understood the serious risk involved. Her actions were gross negligence.
- PSI must balance the need to protect customers without unreasonably impacting the use of accounts. Although the first in-store payment was a large payment, it isn't unusual for customers to make a large purchase, and it wouldn't have been reasonable for PSI to have questioned the payment with Miss H. And, even if PSI should have questioned the further payments with Miss H, it wouldn't be fair to require them to refund them given Miss H's friend was repaid.
- PSI didn't raise chargebacks for the in-store payments. But even if they had, those chargebacks would have been unlikely to be successful because Miss H's card and PIN were used to make them. And, it was unlikely the ATM cash withdrawals could be recovered.
- PSI closed Miss H's account in line with their terms and conditions.

Miss H rejected the outcome through her brother and asked for a final decision by an ombudsman. Her complaint has been given to me to decide.

In summary Miss H's brother say Miss H's vulnerability hasn't been fairly considered. The duress she felt from the scam could easily explain misremembering the timing of events - and it's plausible she acted under the influence of the scam before the first call was logged on her phone, given the earlier upsetting communication with her father. They had repeatedly chased the police for information, and it hadn't been provided.

### **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.

It's important to say I've read and considered all of the information provided by both Miss H and PSI in reaching my decision. I say this as I've summarised Miss H's complaint in less detail than she and her brother have.

My approach isn't meant as a discourtesy to either party, but it reflects my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to address every point Miss H's brother and PSI has raised unless I think it's relevant to the crux of the complaint.

I also want to be clear that I understand the sensitive nature of this complaint given what Miss H's brother has said about her vulnerability and what I need to consider to decide the complaint, which includes what I can fairly conclude from the evidence and information I have.

I've decided not to uphold Miss H's complaint. I'll explain why.

Payment service providers like PSI aren't responsible for every fraud that may take place on an account. But under the Payment Service Regulations 2017 (PSRs) PSI should generally

refund payments their customer didn't authorise, except where their customer failed to take reasonable steps to keep their payment instrument (card) and security credentials (PIN) safe due to gross negligence or intent.

It's important to say that the test for gross negligence is that of the reasonable person, which in law is an objective and impersonal test that doesn't take account of the personal characteristics of the person, such as a person with a vulnerability such as a learning disability.

I need to decide whether the payments were authorised or not by Miss H. And having reviewed all the information and evidence I've found the payments weren't unauthorised. I say this because:

- The email Miss H sent to PSI at the time of raising the scam clearly says she received a call from the scammers which then led to her moving funds. She said there were 16 calls she received from them via a private number and she provided phone records which show the 16 calls she says they made. For what she has said to make sense, she would have likely also handed over her card and PIN to the courier after the calls began.
- But the call logs Miss H provided began several hours after she first moved funds from her bank account, and the first payment was also made before the first call.

It's possible that due to the distress she felt because of what her father told her and her vulnerability she misremembered the timeline of what happened. But there are no earlier call logs recorded on her phone. And, no other explanation has been provided that persuasively accounts for how the initial movement of funds took place, and how her card and PIN came to be used before she had spoken to the scammers.

- I've considered Miss H could have been speaking with the scammers much earlier on her father's phone or through her father, but this is not what has been said. And from what's been said I understand her father no longer has the phone he used.

Miss H told PSI her card was taken by a courier along with other family possessions belonging to her parents. But the letter she wrote to her bank said a courier had already taken her father's possessions before her arrival following a weekend away, and her father had said another courier would be needed to collect her card. The letter also said her father communicated with fraudsters within the last few weeks before the scam. I can't see that Miss H told PSI the same version of what happened that she told her bank.

- I've considered carefully how Miss H's brother has described her vulnerability and why she may have misremembered things. I've no reason to doubt Miss H experiences problems with communication and understanding information. But I have considered that her brother was present with her on 10 April 2024 and helped her communicate what happened. I have also considered her father was there and he would have understood the timeline of what happened. I'm not satisfied the inconsistency in the timeline has been persuasively explained away by what Miss H's brother has said.
- A crime was reported to Action Fraud. But I have seen no written record showing what exactly was reported to the police - although I understand Miss H's brother has said he has chased them. So, I have had to base my decision on what information I do have.
- On balance, I'm not satisfied Miss H didn't authorize the payments. So, I'm not telling PSI to refund them. I don't find I need to consider whether under the PSRs Miss H failed with intent or acted with gross negligence to keep her card and PIN safe.

- I've considered whether PSI should have tried to stop the payments or contacted Miss H about what was happening on her account while it was happening. The first payment was larger than payments she usually makes, but it's not unusual for a customer to make occasional larger purchases. I'm satisfied PSI didn't need to step in and contact Miss H.

The second payment would have included a smaller part of Miss H's funds with the remainder of the funds coming from her friend. But because I'm not persuaded that the timeline of events supports the alleged scam, I don't require PSI to refund Miss H any further sum. Neither would I require PSI to refund losses that represent those of her friend.

- I'm satisfied PSI didn't need to raise chargebacks for the payments in dispute. I say this because the activity on the account doesn't support the timeline of when Miss H said she spoke to the scammers and transferred funds. And even if chargebacks had been raised, it's likely the merchants would have defended them as they would likely be able to show goods or services were paid for using Miss H's card and PIN.
- Miss H's brother says they couldn't speak to PSI over the telephone in the same way they could with Miss H's bank and her father's bank. I understand Miss H and her brother may have found the telephone to be a better way to communicate in view of Miss H's vulnerability. But PSI only have online communication for their customers. There is no requirement that they must provide a telephone line, and it is not my role to decide what channels of communication they should have. Miss H and her brother feel PSI have not delivered an outcome in line with their responsibility to vulnerable customers. But I haven't found the outcome they reached unfair based on the information and evidence before me.
- I understand Miss H's father is said to have been refunded payments that were made due to the alleged scam. But firms can make different decisions based on their own criteria, policy, and the information they have available to consider. I have considered the evidence and information available to me, and I don't require PSI to refund payments to Miss H.
- Miss H still wanted the account, and she needs an account for her salary. But I'm satisfied PSI were able to close the account the way they did. I have considered their reasons, which include information I have accepted in confidence. A description of that information is that it concerns PSI's risk appetite and how Miss H falls outside of it. I don't find they needed to do anything more before making their decision to close the account and preventing her from using the account before it closed.

### **My final decision**

My final decision is I've not upheld Miss H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 15 April 2026.

Liam King

**Ombudsman**