

The complaint

Mr M complains that PrePay Technologies Ltd (PrePay) didn't do enough to prevent the loss he suffered due to their involvement in a payment he says he made as the result of a scam.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here. Mr M says that in 2014 he started dealing with a company I'll refer to as 'E'. At the time he believed this to be a legitimate investment opportunity, but he has since alleged that E were operating a scam. His evidence shows that between 2014 and 2020 he made around 48 payments totalling over £150,000 as a result of the same alleged scam. Many of the payments went to different accounts. But the payment relevant to this complaint was for £2,000 and took place in June 2020. This payment was placed on an account held with an agent of PrePay.

In September 2022 Mr M contacted PrePay and said that it was his belief that his money was *"never used for the intended purpose"* and he asked them to confirm whether they still held that money or if they could tell him where it was transferred on to. He also raised a complaint the same month.

PrePay's agent responded on its behalf. In summary they said no funds remained in the account which was closed in 2020. They also said they were unable to provide further information about the account due to data protection regulations.

The matter was referred to our service and one of our Investigators didn't recommend it should be upheld. She didn't think PrePay were responsible for any errors which caused Mr M's loss. Mr M disagreed and asked for an Ombudsman to review the complaint.

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 and for similar reasons.

I'd like to assure Mr M that I've read all his submissions about PrePay including where they have acted as principal for other firms. But this decision is solely about his £2,000 payment made in June 2020.

I can quite understand why Mr M wants to do all he can to try to recover his funds, even where the payment relevant to this complaint is only part of a much larger loss. But it would only be fair for me to direct PrePay to make a payment if I think they are responsible for an act or omission which otherwise would have prevented the loss such that it would be fair and reasonable for them to do so.

In the circumstances here, Mr M's own evidence shows that the alleged scammers 'E' had access to multiple accounts with different providers, either directly or through linked enterprises. As such, I don't think anything PrePay did or didn't do in relation to the account, prior to the arrival of Mr M's funds has impacted his loss. For example if PrePay ought to have blocked the account sooner (or never ought to have opened it) it's most likely that E would have directed Mr M to make his payment to another account elsewhere. And so even if there were failures by E prior to the arrival of the payment, (which for clarity is something I make no finding on), I can't fairly say that would have caused the loss.

I also can't fairly say PrePay did anything wrong when crediting Mr M's payment to the account or in allowing the funds it represented to be paid away (which happened within a few days of their arrival) without taking any further steps. I say this because the prior account activity means that the arrival and transfer out of a payment of that value wasn't in anyway unusual or suspicious. This was just a continuation of the way in which that account operated.

And clearly, once PrePay were informed of the potential problem with the payment (in 2022), the funds had long gone from the account and the account itself had already been closed. As such, I don't think anything PrePay did or didn't do at that point would have made any difference to whether a recovery could have been made.

I also agree with PrePay that there isn't any basis upon which I can direct them to share further information directly with Mr M about their accountholder or the destination of payments made from their customer's account. The complaint response said that PrePay would co-operate fully with any police investigation. And I'm confident they would share information with the police upon receipt of a request from them to do so.

Mr M has made further comments about E and the family he says were the directors. Our service isn't able to comment on how directors chose to run a business. I'm limited to considering the actions of PrePay and its agent (for activities PrePay are as the principal responsible for). And whilst I'm sorry Mr M lost money, in the context of this complaint, I'm not persuaded this is something PrePay are responsible for. It follows that there isn't a reasonable basis upon which I can require them to do more to resolve this complaint.

My final decision

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 15 February 2024.

Richard Annandale
Ombudsman