

## **The complaint**

Mr R complains that PayrNet Limited didn't do enough to prevent the loss he suffered when he sent money to one of their accounts as the result of a scam.

Mr R has used a representative to bring his complaint, but for ease of reading, I'll mostly only refer to Mr R himself.

## **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.

In June 2021 Mr R made two payments towards an investment with a business I'll refer to as 'L'. The payments were each for £20,000 and were made a few days apart. Both payments came from Mr R's personal account with his own bank 'N' and they arrived in the same PayrNet account.

Mr R had made prior investments with L on behalf of his limited company 'M' (which he is the sole director of). These were for £5,000 and £10,000 and M initially received returns in relation to those investments. But later, Mr R realised he'd been the victim of a scam.

In June 2022 Mr R reported this to N. N declined to provide any redress. Mr R also complained to PayrNet as he alleged they had allowed a scammer to open and operate an account and that their failure to monitor that account had caused his loss. PayrNet likewise don't believe they need to pay any redress.

I'm aware that our Investigator has already considered a linked complaint about M's payments to PayrNet and that this wasn't upheld. But Mr R still wants to pursue his complaint about PayrNet in relation to the £40,000 he paid from his personal account towards an investment in his own name. Our Investigator didn't recommend this complaint should be upheld either. In summary she didn't think it would be fair to ask PayrNet to make a payment as the 'invested' funds had originated in money from the Bounce Back Loan Scheme (BBLS) and using such funds for personal gain was against the terms of the BBLS agreement.

Mr R didn't agree and has asked for an Ombudsman to make a 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.

Having done so, I've reached the same outcome as our Investigator and for largely the same reasons. I know this will be disappointing for Mr R, so I'll explain why.

In line with what I've set out above, this decision only concerns the sum of the two payments Mr R made as an 'investment' in his personal name.

Mr R told our service that the money he sent was funded by a loan provided to M under the BBLS. I can see that the BBLS scheme funds credited M's account before £40,000 was moved to Mr R's personal account and from there it was sent to L.

The BBLS terms required all borrowers to declare: *"they will use the loan only to provide economic benefit to the business, and not for personal purposes"*.

In the circumstances here, I don't think Mr R 'investing' the BBLS funds into a personal investment (particularly given M is a limited company – Mr R is the sole director but M is a separate legal entity) can fairly be said to be to provide an economic benefit to M. I appreciate Mr R doesn't seem to have differentiated between his company's funds and his own. But the other 'investments' from his linked complaint were made in M's name and the one relevant to this complaint was in his personal name.

As such Mr R used the loan funds for a purpose that was explicitly outside the terms of the BBLS, which was intended to support businesses through the pandemic. And in these circumstances, I don't think it would be fair and reasonable to ask PayrNet to make a payment with regard to the outstanding loss that Mr R is seeking from them.

### **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 R to accept or reject my decision before 8 January 2024.

Richard Annandale  
**Ombudsman**