

## The complaint

Miss P complains that PayrNet Limited won't refund the money she was tricked into sending to a PayrNet account.

## 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 October 2021 Miss P made several payments from her own bank 'H' to an account held with PayrNet. The payments totalled £11,600. At the time, Miss P believed she was paying for roofing work, but she later discovered she'd been the victim of a rogue trader scam.

Miss P complained to her own bank 'H' and as a result of this was reimbursed with all except the final payment she'd made (which was for £2,500). Miss P is seeking her outstanding loss from PayrNet.

One of our Investigators recommended that the complaint should be upheld. In summary she said PayrNet hadn't provided sufficient evidence to support their position. So on that basis, she recommended that PayrNet pay Miss P £2,500 plus 8% interest. Miss P accepted this outcome, but PayrNet didn't; they didn't agree our service could consider this complaint or that they should have to pay redress. The complaint was then passed to me to decide.

In September 2023 I issued a jurisdiction decision which concluded our service can consider Miss P's complaint. I later issued a provisional decision in which I explained that I intended to uphold the complaint, based on PayrNet not providing sufficient evidence to support their position. But I also set out that I intended to make a reduction of 50% in my intended award due to Miss P's contributory negligence.

Miss P responded to say she thought she should get a full refund, not just half. PayrNet responded with further information and evidence which prompted me to issue a further provisional decision in which I said:

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

*Miss P has recovered a large portion of her loss from H. So this complaint only concerns the outstanding loss of £2,500 which Miss P is seeking from PayrNet. I'm intending to come to a different outcome compared to what I've previously set out. So, I'm issuing this provisional decision to give everyone a further opportunity to comment before finalising my decision.*

*PayrNet have now provided the information required to enable the investigation of this complaint. They have evidenced that they took appropriate proof of identity and other documentation when opening the account. I've seen a valid passport and utility bill in this regard. So based on this, I don't think PayrNet failed when opening the account or that they reasonably could have known, at that time, that the account might later go on to be used in connection with a fraud or scam.*

*The recipient account had been opened relatively recently. There was nothing in the prior account activity so suspicious or indicative of potential fraud such that I think PayrNet should have done more. I don't think they had any reason to do more before accepting Miss P's payment onto the account or following their customers instructions to pay the money away.*

*In reaching this conclusion I've considered the type of account with its expected use, as well as the sum involved. PayrNet have also confirmed that there were no prior notifications of fraud in relation to this account and I've seen evidence to show that the £2,500 Miss P sent was spent from the account prior to PayrNet being informed that there was a potential problem. So, I can't say they failed to act on any prior notifications. And as the money was no longer in the account when Miss P raised this with PayrNet (through her own bank), I can't say that they failed in their recovery efforts as the money was already gone.*

*Based on the new evidence PayrNet have provided, I don't think they reasonably caused the outstanding loss of £2,500 to Miss P and so I'm not intending to direct that they need to do more to resolve this complaint."*

PayrNet responded and said they had nothing further to add. Miss P made some further comments which I'll address below.

### **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.

Miss P says that she's been told by Trading Standards that PayrNet's accountholder wasn't who they said they were and that it was a homeless person who was wanted by the police. She also says she was told that the address used to register the business was not a proper address and that she's been unable to trace the roofer to raise a claim in the small claims court. She still doesn't think the checks done at account opening were sufficient.

I've considered what Miss P has said, but I remain satisfied that PayrNet made sufficient checks before opening the account. PayrNet obtained documentation to verify the identity of the person they were opening an account for, and a selfie. They've shared copies of this and nothing looks out of the ordinary. The selfie resembles the passport, and there is nothing about either which appears to be fake/fraudulent. So I can't say they've acted unreasonably when opening the account.

Miss P has also highlighted that the Bank of Lithuania removed PayrNet UAB's Electronic Money Institute (EMI) licence earlier this year. She thinks this is indicative of PayrNet's failures. I've considered this but PayrNet Limited is the respondent to this complaint. There may be a link between PayrNet Limited and PayrNet UAB and I understand why Miss P has flagged this. But I'm not persuaded that a decision taken by a bank in Lithuania impacts the outcome of this complaint. I maintain that I don't think the activity on the PayrNet account that Miss P paid was so suspicious or indicative of potential fraud such that PayrNet ought to have done more.

I'm sorry Miss P has an outstanding loss in relation to this matter. But as nothing Miss P has said has persuaded me to deviate from the outcome explained in my provisional decision, I'm not upholding 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 Miss P to accept or reject my decision before 11 January 2024.

Richard Annandale  
**Ombudsman**