

The complaint

A company, which I'll refer to as I, complains that Advanced Payment Solutions Limited (trading as Cashplus Bank) won't refund a payment it didn't make.

Miss H, who is a director of I, brings the complaint on I's behalf.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. The facts are not in dispute, so I'll focus on giving the reasons for my 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 for these reasons:

- Cashplus hasn't disputed this concerns an unauthorised payment. However, in line with the Payment Services Regulations 2017, it refused to refund it because it asserts Miss H failed with gross negligence to comply with the terms of the account and keep I's personalised security details safe. To support that, it's pointed out how Miss H shared a one-time passcode (OTP) with a third party, as well as forwarding an email to trust a new device.
- I've reflected on the circumstances that led to Miss H taking these steps. She received a text message that appeared to come from Cashplus – it referenced a request to update the phone number on I's account and told her someone would contact her shortly. She then received a call which similarly appeared to come from Cashplus's number, and she said the caller knew some of her personal information and took her through familiar security questions.
- Taking this all into account – how the communication appeared and the information they knew – I can see why she was persuaded they were calling from I's genuine bank. I think lots of people would've been.
- Miss H recalled being told about suspicious transactions that were attempted from somewhere that's not local to her – the caller said they'd block these, and she'd need to reauthorise her online banking. It seems this was the guise under which the email and OTP came to be shared.
- Having considered these circumstances carefully, I'm not persuaded Cashplus has shown Miss H acted with *very significant* carelessness to be able to conclude she failed with *gross* negligence. Afterall, she trusted she was talking with her genuine bank, and they'd created plausible circumstances for why she needed to follow their instructions and share the information.

- I'm also not persuaded there was anything obvious in the text message with the OTP and the email she received that ought to have clearly alerted her that something was amiss. Instead, I can see how the content fit the narrative that she was resetting I's details. I'm also mindful of how the messages reassuringly came from Cashplus when Miss H was told to expect them, and how she was acting in the heat of the moment when she was understandably concerned about fraud on I's account.
- It follows that, in line with the PSRs, I don't consider I can be fairly held liable for this unauthorised payment and Cashplus needs to put things right.
- Having reviewed I's statements, it appears the unauthorised payment led to a couple of Direct Debits being rejected – leading to fees. So Cashplus should also refund those caused by the unauthorised payment.
- Cashplus should have restored I's account much sooner. So I also award 8% simple interest per year to compensate it for the time it's been out of pocket.
- I've noted that Cashplus also offered to pay £20 for the inconvenience caused to I in handling its claim, which I think is a fair reflection of the impact this had. So I've not made a further award for I's non-financial losses.

My final decision

For the reasons I've explained, I uphold I's complaint. Advanced Payment Solutions Limited must:

- Pay I the total of the unauthorised payment, less any amount recovered or refunded – I understand this to be £2,050.00.
- Refund I any fees and charges as well as amending any adverse credit information that were caused by the unauthorised payment.
- Pay 8% simple interest per year on this amount, from the date of the unauthorised payment to the date of settlement (less any tax lawfully deductible).

Under the rules of the Financial Ombudsman Service, I'm required to ask I to accept or reject my decision before 14 September 2023.

Emma Szkolar
Ombudsman