

The complaint

A company, which I'll refer to as X, complains that Advanced Payment Solutions Limited trading as Cashplus Bank has declined its request for a refund of a payment it says was made by a third-party fraudulently.

What happened

Mr C, who is a director of X, brings the complaint on X's behalf.

Mr C says he has been the victim of a scam and that the following took place:

- On 28 July 2022 Mr C received a call from a fraudster impersonating Cashplus Bank. He was told there were attempted purchases that it wanted to verify. Mr C says he was told it would block the transactions when he confirmed they weren't genuine.
- The next day (29 July) Mr C received a further call, again from a number that appeared to be Cashplus Bank. He was told there were more payments being attempted. This time the caller advised Mr C to replace his card and reset his banking details.
- Mr C received a series of text messages which appeared in the same thread as previous messages from Cashplus Bank. He clicked on a link which appeared to show the Cashplus Bank website and so he followed the process to reset his details.
- Mr C says he then received an email saying that a payment had been made from X's account for £3,820, at which point he contacted Cashplus Bank to report the scam.

Cashplus Bank has declined Mr C's request for a refund on the basis that it concluded he shared the one-time passwords (OTPs) sent to him. It says that he enabled the fraudster to add their own phone as a trusted device after which a third party was able to access X's account and initiate a payment. Cashplus Bank concluded that by sharing the OTPs Mr C authorised the payment.

When Mr C came to our service, the investigator upheld the complaint. They thought the disputed payment was unauthorised and that it wouldn't be fair to conclude Mr C had failed to keep his secure information safe with intent or gross negligence in the circumstances. They recommended Cashplus Bank refund the payment and pay X simple interest at 8%.

Cashplus Bank didn't agree, it said that Mr C had been negligent in following instructions from a third-party caller without completing any due diligence. It said Mr C ought to have identified that the website domain was different to its genuine website and therefore known not to enter any sensitive information. Cashplus Bank added that it was unknown whether Mr C had shared the OTP verbally or online.

The investigator explained that they thought Mr C had been reasonable in his belief that he was dealing with Cashplus Bank, as the caller had information about the account and appeared to be contacting him from Cashplus Bank's genuine number. The investigator

explained that on balance, they thought it was more likely than not that Mr C had entered the OTPs online.

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'm upholding this complaint for the following reasons:

- It isn't disputed that Mr C, on behalf of X, was the victim of a scam. It also appears to be accepted that Mr C didn't make the disputed payment himself or give anyone else permission to make the payment, so on that basis the payment is unauthorised.
- I agree that Mr C's version of events is plausible and based on the information available that the disputed payment was more likely than not unauthorised. This is because I've seen a copy of the messages Mr C received from the fraudster in the same text chain as genuine messages from Cashplus Bank. And from what Cashplus Bank has said, the information Mr C shared enabled a third party to add a new device to his account and make the disputed payment without his knowledge. So, the starting point under the Payment Services Regulations 2017 is that X should be provided with a refund.
- I understand that Cashplus Bank says Mr C has been negligent because he didn't verify the caller was genuine. I disagree, Mr C has explained that the fraudster had information about him and the account. And I think the telephone number matching that of Cashplus Bank's genuine number would have reassured him that he was dealing with Cashplus Bank staff. This was a sophisticated scam whereby Mr C was tricked into thinking he needed to take steps to protect the account. Mr C has described the website as mirroring Cashplus Bank's genuine website. I don't think it amounts to gross negligence that he didn't identify that the website domain was different to Cashplus Bank's genuine website – the fake website had a plausible name and Mr C believed he needed to act quickly to protect the account.
- Cashplus Bank says that we don't know whether Mr C shared the OTPs verbally or entered them online. Mr C says he didn't share the OTPs verbally and that he may have entered them online, but he can't remember doing so. Considering what Mr C has said, and in the context of the scam where Mr C was already entering secure information online, I think it's more likely than not that he also entered the OTPs online. And that this is how the third party obtained them. I don't think doing so amounts to Mr C acting with gross negligence. The text message containing the OTP didn't specify what it was for, and Mr C entered secure information on the belief that he was re-setting his security details on Cashplus Bank's genuine website.

So, for the reasons explained I don't think Cashplus Bank has declined Mr C's request for a refund fairly.

Putting things right

As I've concluded that Cashplus Bank unfairly declined Mr C's request for a refund, it should now provide this refund to X. Cashplus Bank should also apply interest to this amount to reflect the time X has been without these funds.

Whilst Mr C has described needing to borrow money, he hasn't provided evidence that this has come at a cost to X and so I'm not making an award in this regard.

My final decision

My final decision is that I uphold this complaint and that Advanced Payment Solutions Limited trading as Cashplus Bank should:

1. Reimburse X the disputed payment - £3,820.
2. Apply 8% simple interest on this amount from the date of the payment to the date of settlement and pay this to X

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 28 September 2023.

Stephanie Mitchell
Ombudsman