

The complaint

Mr A has complained Think Money Limited won't refund money for transactions he didn't make.

What happened

In May Mr A left his phone in a cab but was reunited with it later that day. His bank cards, driving licence and other personal information was kept with his phone wallet.

After receiving his salary on 18 May, Mr A noticed numerous transactions he'd not made. These had all topped up an account with another payment services company (who I'll call P). Mr A complained to Think Money. They didn't believe a fraud had taken place as there was no evidence of a compromise.

Mr A brought his complaint to the ombudsman service.

Our investigator also could find no point of compromise so wasn't going to ask Think Money to refund Mr A.

Still unhappy, Mr A has asked an ombudsman to review his complaint.

I completed a provisional decision on 20 December 2023. I felt the evidence didn't completely support the view that Mr A had authorised these transactions and asked Think Money to refund them, along with an additional £200 in compensation.

Mr A accepted this outcome. Think Money didn't. Their comments included:

- Copies of messages sent to Mr A about the one-time passcodes. These stressed they shouldn't be shared.
- They didn't see it as plausible that anyone other than Mr A had carried out these transactions.
- They didn't believe the new phone set up was anything to do with the disputed transactions or that there was an opportunity for compromise to be undertaken.

I now have all I need to complete a final 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 I did in my provisional decision after reviewing the further comments provided by Think Money. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light

of the evidence.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

The regulations which are relevant to Mr A's complaint are the Payment Services Regulations 2017 (PSRs). These primarily require banks and financial institutions to refund customers if they didn't make or authorise payments themselves.

To help me come to a decision, I've reviewed the evidence Think Money provided as well as what Mr A has told us. This includes the evidence sent to us on 10 January 2024.

I believe these transactions were carried out by a third party and not Mr A. I say this because:

- Mr A's actions on discovering numerous unauthorised transactions had been made are what you'd expect to see. He reported this immediately to Think Money. He also took steps to ensure he could pay his mortgage including borrowing money as well as take additional security steps as he was concerned about what had happened.
- Think Money's evidence shows a new phone was set up on Mr A's account and this was used to make the disputed transactions. I note information on the authentication codes that Think Money has shared with us. They believe Mr A must have shared these, but he has denied this. Given the nature of these messages I accept it is possible – unaware what these were – that Mr A used these with his app inadvertently giving access to his account to a third party.
- These disputed transactions all took place in the early hours of 18 May after Mr A's salary had credited his account. The money transferred to P didn't credit any account held by Mr A. The disputed transactions resemble fraud in that all the money from Mr A's account was transferred to an account with P.
- There is no evidence to indicate this other phone was Mr A's. In fact any evidence from Think Money shows Mr A still using his own phone when logging into the app on 18 May.
- I accept Mr A's original phone, along with personal ID and bank cards, was out of his possession for a number of hours on 15 May. I appreciate Think Money disputed this. Despite the fraud only happening after this time – when the phone was back in Mr A's possession – I don't see why this wouldn't be related to the disputed transactions and the set-up of a new phone on the account.
- It is not the case under the PSRs that I have to specifically identify a point of compromise to be sure fraud has happened. Nor is it my role to explain how fraud takes place. All I need is to be satisfied there was an opportunity for fraud to take place and based on what I have seen here, I'm satisfied this is what happened here. The use of a previously unregistered phone for the disputed transactions suggests to me these being done by a third party. At the same time, I have seen nothing which indicates this must have been Mr A.

Overall I remain of the view there's insufficient evidence to show Mr A authorised these transactions.

Putting things right

Think Money will have to refund all the money sent to an account with P on 18 May 2023. I believe this amounts to £2,417. 8% simple interest will also need to be added.

Mr A has told us he had to take out a loan with another bank to tide him over as he had lost so much money, as well as borrow from family. He will be able to pay this loan off early but taking all this into account, I'm also asking Think Money to pay Mr A £200 in compensation for the trouble caused.

My final decision

For the reasons given, my final decision is to instruct Think Money Limited to:

- Refund £2,417 to Mr A;
- Add 8% simple interest to that amount from 18 May 2023 to the date of settlement; and
- Pay £200 in compensation to Mr A.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 19 February 2024.

Sandra Quinn
Ombudsman