

The complaint

P, a limited company, raised a complaint that Revolut Ltd won't refund a transaction it didn't authorise.

Ms P is the sole director of P, who I'll refer to throughout the decision.

What happened

- Ms P received a text from who she thought was the NHS asking her to follow a link to purchase a PCR test.
- The next day she received a call from someone posing as her credit card provider. They said she'd compromised her details and that someone was trying to make fraudulent transactions. They also explained she could have a virus through clicking on the link, which might have also compromised her Revolut account. They asked her to download remote access software to check this.
- Following this, Ms P was transferred to someone who claimed to be from Revolut. They told her about fraudulent pending transactions and asked her for a code sent in a text message to stop these, which she shared.
- She later realised the code was in fact to approve a faster payment from P's account for £18,842.00. She raised this with Revolut, as she didn't make the payment. It declined to refund her and rejected her subsequent complaint, saying it's not at fault for processing a transfer that Ms P authorised. It did, however, manage to recover £14.01 from the beneficiary's account.
- On 17 February 2023, I issued a provisional decision which upheld P's complaint. Neither side had anything further to add.

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.

Neither side had anything further to add to my provisional findings. So I see no reason to depart from my decision to uphold the complaint. For completeness, I've explained my reasoning again below.

- In line with the Payment Services Regulations 2017 (PSRs), P isn't liable for payments Ms P didn't authorise, unless she failed with gross negligence or intent to comply with the terms of the account or keep P's personalised security details safe.
- I've firstly considered whether Ms P authorised the payment in dispute, as Revolut suggested. The PSRs explain a payment is to be regarded as authorised if she consented to it – and that consent must have been given in the form, and in accordance with the procedure, agreed between Revolut and Ms P.

- I've reviewed the relevant terms and conditions to find out what the agreed form and procedure was for making a bank transfer. They say: *"Just enter the sort code and account number (or, for international payments, the BIC and IBAN) of the account you're sending the money to in the Revolut Dashboard and follow the prompts."*
- Here, while Ms P completed one of the steps by sharing a code, I'm not persuaded she entered the sort code or account number or followed any of the prompts that followed. Instead, I think it's more likely the fraudster did this when they'd remote access to her device and, as is common with this sort of scam, had manipulated her screen so she wasn't aware of what they were doing.
- It follows I'm not persuaded Ms P consented to this payment in accordance with the agreed form or procedure, meaning it's unauthorised.
- As Revolut has also said Ms P was negligent, I've gone on to consider whether she failed with gross negligence to comply with the terms of the account and to keep her personalised security details safe. Gross negligence isn't mere negligence. I'm considering whether Ms P acted with a very significant degree of carelessness; seriously disregarded an obvious risk; or fell so far below what a reasonable person would've done.
- Having considered the circumstances carefully, I don't think Revolut have shown that's the case. I'll explain why.
- I can understand why Ms P trusted she was speaking with firstly, her credit card provider and secondly, Revolut. They'd personal, sensitive information about her and knew she'd fallen victim to a phishing text scam. And they went to lengths throughout the call to establish their authority and trust. For example, by giving false FCA reference numbers and asking her to complete what was seemingly a fictitious code sent by text to verify who she was.
- Given the phishing text scam, I can also see how the context of the call – that someone was attempting payments – made sense to Ms P. I think a lot of people would've believed the caller in these circumstances and similarly panic about protecting their account.
- Ms P was asked to download remote access software to check if she'd a virus from clicking on the phishing text link – she's explained they overwhelmed her with technical information about how the virus could compromise her Revolut account. Most people aren't experts in cyber security, so I can see why she followed the instructions of who she thought was a trusted professional, particularly given her understandable anxiety at the time. And given remote access software is a genuine tool used to help people, I don't think she seriously disregarded an obvious risk here.
- Ms P recalled she was already logged on to P's Revolut account. So it's likely the fraudster only needed the code to complete the payment. They told her this was needed to stop the fraudulent transactions and she'd need to provide it very quickly.
- Given the urgency they created and trust they'd built, I understand why Ms P focused on the code and shared this, particularly as it came first in the message. I've also considered that she was oblivious to what was happening on her device – so when she'd been primed to expect the code for a certain purpose, I can see why she didn't stop and think that it could be payment instead. Taking this all into account, I don't

think it means she acted with very significant carelessness.

- It follows I'm not persuaded Revolut has shown that Ms P failed with gross negligence. So I conclude P isn't liable for the transaction and Revolut needs to put things right – by refunding P's losses from this unauthorised transaction alongside interest to compensate it for the time it's been out of pocket.
- Revolut should've refunded this much sooner and by not, I recognise Ms P suffered a lot of distress and worry. But I'm looking at the losses P suffered, who's a separate legal entity to Ms P and can't be said to suffer distress. I do accept it's likely P was inconvenienced and its reputation tarnished – I note it had suppliers to pay that would've been affected by the loss. So I also award £150 to reflect this.

My final decision

For the reasons I've explained, I uphold P's complaint. Revolut Ltd must:

- Pay P the total of the unauthorised transaction, less any amount recovered or already refunded – I understand this to be £18,827.99.
- Pay 8% simple interest per year on this amount, from the date of the unauthorised transactions to the date of settlement (less any tax lawfully deductible).
- Pay a further £150 for P's inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask P to accept or reject my decision before 23 March 2023.

Emma Szkolar
Ombudsman