

The complaint

A company, which I'll refer to as C, complains Revolut Ltd won't refund a payment it didn't make.

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

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, 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:

- Revolut 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 Mr C failed with gross negligence to comply with the terms of the account and keep C's personalised security details safe.
- In saying this, it's pointed out that Mr C shared a one-time passcode with a third party from a text message which said: *"This code will be used to add your card to another Apple Pay device. Don't share the code with anyone, even if they claim to be from Revolut. Don't enter it anywhere unless you want to add your card to a new device. Revolut verification code for Apple Pay: XXXXXX"*
- Mr C accepts he shared the code. He explained he did so because he received a call from someone who claimed to be from Revolut, which he found convincing as they knew several pieces of personal information. He recalled they needed a code, which they'd send by text, to reauthorise his card. So when this came through from Revolut as he was told to expect, he shared the code. He doesn't recall the warning – he explained he was directed to share the code at the bottom right of his screen.
- Having considered these circumstances, I can see how Mr C trusted the call was genuine given the personal information they shared with him – I think lots of people would've done. With the benefit of hindsight, I accept Mr C's actions are questionable given the warning – and of course, it was possible for him to read the message in full. But my consideration isn't whether Mr C did all that he could have. Instead, it's whether he acted with a *very significant* degree of carelessness to conclude he failed with *gross* negligence. Here, I'm mindful Mr C was acting in the heat of the moment with someone he was cleverly duped into trusting. And I can see how Mr C would've been further lulled into a false sense of security when the message appeared from Revolut when he thought he was speaking with them. I've also considered how he was socially engineered by the caller into following their instructions – it seems they

gave authoritative and pressing instructions for what to do and where to look. And given that the code is underlined in the message, I can see how he focused on this and shared it.

- Taking this all into account, while Mr C may have been careless, I'm not persuaded Revolut has shown he failed with *gross* negligence. So, in line with the PSRs, I conclude C isn't liable for this unauthorised payment and Revolut needs to put things right – by refunding C's losses from this unauthorised payment.
- Revolut ought to have refunded this much sooner. Because it didn't, C's business has suffered financially. So I also award 8% simple interest per year to compensate C for the time it's been out of pocket.

My final decision

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

- Pay C the unauthorised payment, less any amount recovered or refunded. I understand this to be £61,960.00.
- 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 C to accept or reject my decision before 11 August 2023.

Emma Szkolar
Ombudsman