

The complaint

Mr L complains that Revolut Ltd did not refund a series of disputed transactions.

What happened

Mr L was sick at home when he received a call from Revolut's phone number. The individual had his personal details such as his name, address and account details. They ran through security with him and asked if he had authorised a payment attempted on his account. He said no and went onto the Revolut app to cancel the payment.

He was then advised to transfer all of his funds from his Euro account to his Great British Pound ("GBP") account, and to delete and re-download the app. During this conversation, he provided the caller with a one-time passcode ("OTP") that had been sent to his phone. As Mr L was sick, he went back to sleep after this call and when he awoke that evening, he found that the money in his account had been spent over three payments to a merchant. He realised that he had been the victim of fraud. The payments were as follows:

- £190
- £2,198
- £1,948

Mr L raised a disputed transactions claim with Revolut but did not feel he received a meaningful response despite chasing them. He referred the complaint to our service and Revolut issued a final response in which they said they could find no trace of fraudulent activity on Mr L's account and they felt he had acted negligently when he shared an OTP with the scammer. So, they did not agree to carry out a chargeback claim to recover the funds but they did offer to refund 50% of the disputed amount, totalling £2,200. Mr L did not accept the offer.

Our Investigator looked into the complaint and felt it was more likely Mr L did not authorise the transactions himself, as his card had been added to a virtual wallet using the OTP sent to his phone and this is how the payments were made. And as he was convinced he was genuinely dealing with Revolut, they did not think he acted with gross negligence when he passed on the OTP to the scammer. So, they recommended a full uphold., with 8% simple interest.

Mr L accepted the outcome however Revolut disagreed with the findings. In summary, they felt Mr L should have questioned the caller further, that he should not have shared the OTP and in doing so, he broke the terms and conditions of the account, and they questioned if he did authorise the transactions himself as there was no evidence the payments did not occur from his genuine device.

As an informal agreement could not be reached, the complaint has been passed to me for 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 agree with the Investigator for largely the same reasons, so I uphold this complaint in full. I'll explain why in more detail.

Generally, Revolut is able to hold Mr L liable for the disputed transactions if the evidence suggests it's more likely than not that he made or otherwise authorised them himself. This position is confirmed in the Payment Service Regulations 2017 (PSRs) and the terms and conditions of his account.

From what I've seen, the payments were made using Mr L's Revolut card via a virtual wallet. While this is important, it isn't enough on its own to say he is liable for the transactions. Revolut also has to show it's more likely than not that Mr L himself made or otherwise authorised the transactions.

Revolut initially said that Mr L's card had been added to a virtual wallet and this is how the payments occurred, however it has since said that it cannot find concrete evidence that his debit card was added to another device other than his own. They have provided evidence that Mr L accessed his online banking using his trusted device before and after the payments and that the disputed transactions were carried out in a store.

I've considered all of this carefully. I do not think Revolut has satisfied to me that the payments occurred on Mr L's own trusted device, as it has not provided any clear evidence of this. It should be noted that it is up to Revolut to evidence that it's more likely Mr L authorised the transactions in this case. Mr L's story has been consistent that he recalls giving an OTP to the fraudster and has provided evidence that this was in relation to setting up his debit card on a virtual wallet. So, I think it is therefore more likely that the fraudster used this to set up Mr L's debit card on a new device in order to carry out the transactions.

The transactions themselves did not follow the usual pattern of Mr L's spending and he has evidenced that he received a phone call from a number that appeared to be Revolut's shortly before he received the OTP and the transactions then occurred after that point. Having considered all of this, I think it's more likely Mr L did not authorise the transactions himself and instead they were carried out by a fraudster who had imitated Revolut. It follows that Revolut cannot hold Mr L liable for the transactions, unless he has been grossly negligent.

Revolut has said that Mr L should have questioned the caller as the advice to move his funds from his Euro account to his GBP account was illogical, and that he has broken the terms and conditions of the account by sharing the OTP.

Firstly, Mr L received a phone call from Revolut's genuine number, as it had been spoofed by the fraudster. In addition, the fraudster had personal details of Mr L and was able to confirm an attempted payment had been made on his account which they asked him to cancel in the app. It's likely they had previously been successful in phishing Mr L's genuine details in order to attempt a payment. With all of this in mind, I think it is reasonable that Mr L was convinced he was genuinely dealing with Revolut during the call. So I don't think it would be fair to expect him to question a request to move funds between two accounts he had control over by Revolut. And I don't think this means he acted with gross negligence.

Similarly, as Mr L was reasonably convinced he was genuinely speaking with Revolut, considering how sophisticated the scam was, I also don't think he acted with gross negligence when he passed on the OTP. While the text says he would not be asked to share

this with anyone, as he believed the text had come from Revolut and that he was genuinely speaking with Revolut, I don't think it is unreasonable that he shared this with the caller.

I note the terms of the account state security details should not be shared, other than with open-banking providers or third-party providers. On balance, I don't think the term can be specifically applied to this situation to say Mr L has broken the terms and conditions of his account.

Because of this, I don't think Mr L has reached the high bar of gross negligence in this case. I therefore agree that Revolut should refund the full loss to Mr L totalling £4,336, along with 8% simple interest from the date of the transactions to the date of the settlement.

If Revolut considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr L how much it's taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

I uphold Mr L's complaint and recommend Revolut Ltd should refund him the £4,336 and pay 8% as simple interest on the amount from the date of the transactions to the date of the settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 29 March 2024.

Rebecca Norris
Ombudsman