

The complaint

M, a company, complains that Revolut Ltd won't refund payments it didn't make.

Mrs S, a director of M, brings the complaint on M's behalf.

What happened

Mrs S's phone was stolen. She's said she reported the matter to the police, her network provider and put the phone in lost mode, which she thought would stop someone else from being able to use it.

Over a month later, Mrs S received a text message that appeared to come from Apple with 'FindMy' saying that her phone had been found, and to follow a link to see its location. She said she was taken to a page that looked like Apple's, which asked for her device's PIN to see the location.

Mrs S later realised that several transactions had been made on her personal account and M's account. It seems fraudsters were able to access both her phone and the Revolut app with the PIN she shared.

Revolut declined to refund these, as it didn't think Mrs S did enough to keep her details safe. Unhappy, Mrs S brought her concerns to our service.

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:

- I've noted Revolut has asked me to address all the points it's raised – and if I don't, to justify why. My role as an ombudsman is to reach a fair outcome and to explain why. So while I've considered everything that's been said, I'll only address what I think is material to reaching a fair outcome on this complaint.
- I've started by considering whether M authorised these payments. This is relevant as, in line with the Payment Services Regulations 2017 (PSRs), M would generally be liable for payments it authorises – whereas Revolut would be liable for unauthorised payments.
- The PSRs specify that authorisation depends on whether the payments were authenticated correctly – and whether M consented to them using the agreed form and procedure. While the payments were authenticated correctly, I think it's clear M didn't complete the steps to consent to these payments. Instead, it seems to be accepted that fraudsters carried out these payments using Mrs S's stolen phone and a PIN they tricked her into sharing.

- With this in mind, I've gone on to consider whether there's a reason M ought not to be refunded for the payments under the PSRs. Revolut submits she failed with gross negligence to comply with the terms of the account and to keep M's personalised security details safe. This is something which, if proven, would mean M wouldn't be entitled to a refund under the PSRs.
- In saying this, Revolut says it's a fact she was extremely careless given that she failed to tell it her phone was stolen when it happened, which was in breach of the terms and conditions. But I can see why Mrs S believed she'd taken adequate steps by reporting the phone as stolen to her network provider, the Police and putting it in 'Lost Mode'. So I don't think she acted with *very significant* carelessness for failing to report the matter to Revolut too.
- Indeed, I think there's likely to be many people who fail to report their missing devices to the financial institutions they use with them – and who, like Mrs S, would've thought these steps would be enough. Particularly given how commonly people misplace their devices and how many financial institutions people use.
- Revolut has also pointed out how Mrs S shared the PIN to her device, which happened to be the same as her Revolut account. But Mrs S didn't simply hand over her PIN. Instead, she was cleverly tricked into sharing it having received a message that said her phone had been found and, after being taken to a website that mimicked Apple's, entering it to see the phone's location. I think lots of people would've fallen for this under these deceptive circumstances. So I don't find that Mrs S *seriously* disregarded an *obvious* risk here.
- Taking this all into account, I'm not persuaded Revolut has shown Mrs S failed with gross negligence. It follows that, in line with the PSRs, I don't consider M can be fairly held liable for these unauthorised payments and Revolut must put things right – by refunding its losses from the payments alongside 8% simple interest per year to compensate it for the time it's been out of pocket.
- I note Revolut has also commented generally about where it believes ombudsmen have erred in law or reached what it considers to be irrational findings. But I'm satisfied I've reached a fair outcome that has appropriately taken into account Revolut's obligations under the PSRs. And overall, it seems Revolut's arguments are more designed for authorised payment scams. So I've not addressed these further.

My final decision

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

- Pay M the total of the disputed payments less any amount already recovered or already refunded. I understand this to be £8,239.00.
- Pay 8% simple interest per year on this amount, from the date of the disputed payments to the date of settlement (less any tax lawfully refunded).

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 18 July 2024.

Emma Szkolar
Ombudsman