

The complaint

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

Mr L, a director of M, brings the complaint on M's behalf.

What happened

- Mr L explained that he received a call that appeared to come from Revolut. They told him someone had tried to access M's account, and he'd need to use a desktop computer to unblock the account.
- From there, he followed instructions that seemingly connected him to 'Revolut Support'. This, in fact, gave fraudsters access to his computer through remote access software.
- Mr L recalled he was asked for a code they'd send him by text – this was to release funds that someone had tried to steal and to unblock the account. After checking this with a manager, Mr L followed their instructions.
- Following this, a faster payment to 'PAY REFUND' was made from M's account for £10,800. Mr L disputed this payment with Revolut. It declined to refund M because it thought M authorised the payment. But it later agreed to refund M £5,400 as a gesture of its goodwill.
- Unhappy with this response, Mr L brought his concerns to our service to investigate.

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:

Did M authorise the disputed payment?

- I've started by considering whether M authorised the disputed payment. 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 an unauthorised payment.
- The PSRs specify that authorisation depends on whether the payment was authenticated correctly – and whether M consented to it. It doesn't appear to be in dispute that the payments were authenticated correctly (as in, the correct payment steps were completed). So I've gone on to consider whether M consented to it.
- The PSRs specify how consent is given: it must be in the form, and in accordance with the procedure, agreed between M and Revolut.

- To establish the agreed form and procedure, I've reviewed the relevant terms and conditions. As Revolut highlight in its complaint response to M, these say *"just enter the sort code and account number ... of the account you're sending money to in the Revolut app and follow the prompts"*.
- In this case, it seems fraudsters were able to access M's account after they tricked Mr L into giving them access to his computer and telling him to log on. It follows that I think it's likely they set up the payment, as opposed to Mr L. And given that Mr L hasn't recalled seeing these steps, I think it's likely they'd have manipulated his screen so he couldn't see what was in happening. This is a common feature in remote access scams.
- It follows that I'm not persuaded Mr L used the agreed form and procedure to consent to this payment. So I'm persuaded the payment was unauthorised, in line with the PSRs.
- In saying this, I've considered Revolut's point that Mr L shared a code from a message that it thinks was clear it was for a payment. But that's not a step in the form and procedure for consenting to a payment. I also don't think this action alone could mean that Mr L gave permission for them to go through all the steps for consenting to a payment on his behalf, given that he was tricked into sharing it. So this doesn't change my mind that the payment was unauthorised.

Is there a reason why M shouldn't be refunded under the PSRs?

- Given that Mr L shared a code that facilitated the payment, I've considered whether he failed with gross negligence to comply with the terms of the account and keep M's personalised security details safe. If Revolut can show this, it would mean M wouldn't be entitled to a refund under the PSRs.
- To assess this, I've reflected on the circumstances that led to Mr L sharing the code with the fraudster.
- I've noted that Mr L was called from a number that appeared as Revolut – and he was taken through steps on his computer that looked like he was connected to Revolut Support. So I can see why he trusted the caller and believed their story that someone had tried to access M's account and it was now blocked.
- I've also reflected on how Mr L would've been further reassured after he'd inadvertently given them access to M's account – as at this point, they could describe the transactions M made as well as point to other accounts connected to Mr L.
- Taking into account the level of trust they established, I can see how Mr L shared the code believing it was to return money that fraudsters had tried to take, as well as to unblock the account.
- In saying that, I've considered that before he shared it, Mr L asked to speak to a manager and was placed on hold. And I note Revolut's point this gave him time to reflect on the situation.
- But I can also see how the apparent professionalism of the hold music and the manager's explanation added legitimacy to the situation. So I don't think it meant he acted with *very significant* carelessness for believing the 'manager's' reassurances.

- I've also noted Revolut's point that the message with the code said it was for initiating a transfer to 'PAY REFUND'. The exact wording was: *'Use code: XXX-XXX in your Revolut Business app to confirm transfer of £10,800 to PAY REFUND...'*
- But in the heat of the moment, when Mr L was repeatedly reassured by different people, I can see how he believed this code was connected to returning money. Particularly given that they'd disguised the beneficiary's name as 'PAY REFUND'. I also accept Mr L's point that we're increasingly asked for codes for lots of different reasons. So it didn't sound inconceivable that one would be needed to return funds and unblock M's account.
- Taking this all into account, I'm not satisfied Revolut has shown Mr L failed with gross negligence. It follows that, in line with the PSRs, I don't consider M can be fairly held liable for this unauthorised payment and Revolut must put things right – by refunding its remaining losses from the payment alongside 8% simple interest per year to compensate it for the time it's been out of pocket.

My final decision

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

- Pay M the total of the disputed payment less any amount already recovered or refunded. I understand this to be £5,400.
- Pay 8% simple interest per year on this amount, from the date of the disputed payment 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 17 July 2024.

Emma Szkolar
Ombudsman