

The complaint

A company, which I'll refer to as T, complains that Revolut Ltd has declined to refund payments made as part of a scam.

What happened

The facts are well known to the parties here, so I'll summarise them briefly.

Mrs K, the director of T, says she was contacted by someone impersonating Revolut. They told her there were attempts to access the business account and make a payment.

The scammer persuaded Mrs K to forward emails and share one-time passcodes (OTPs) under the guise of protecting the account. In total, 33 payments for over £23,000 were made which Mrs K says were unauthorised.

Revolut declined to reimburse the payments on the basis that Mrs K had failed in her obligations to keep the account secure. It attempted to recover the funds, but this was unsuccessful.

Mrs K referred a complaint to our service on behalf of T. Revolut initially said that it also considered Mrs K effectively gave authority to the third party to transact on the account by sharing the information she did.

An investigator here upheld the complaint – in summary they didn't think Revolut had acted fairly in declining the fraud claim and recommended it reimburse the disputed payments and pay interest on the loss for the time T is without the funds.

Revolut didn't agree, it appeared to accept the payments were unauthorised but maintained that Mrs K had failed with gross negligence to keep secure information safe. It referenced that its emails and messages were clear about the purpose of each of them, that Mrs K should have used its chat function to contact it about her concerns, and that she'd shared secure information despite being previously provided with information about account takeover scams.

Revolut has not provided further points by the deadline set and so the matter has been passed to me to decide.

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'm upholding this complaint, I'll explain why.

The relevant law here is the Payment Services Regulations 2017 (PSRs). Broadly speaking, the starting point is that a customer is liable for payments they authorised and isn't liable for

payments they didn't authorise. There are exceptions to this which I'll go onto later.

Were the disputed payments authorised?

- It's common ground that Mrs K fell victim to a highly sophisticated scam that involved the use of technology to impersonate Revolut alongside social engineering techniques.
- Revolut seems to accept that Mrs K didn't make the disputed payments herself or agree to the scammer making them on T's behalf.
- The payments appear to be authenticated correctly, but in order for the payments to be authorised Mrs K would also have needed to consent to them.
- I'm satisfied that Mrs K was ultimately persuaded that she was speaking to Revolut when she shared the emails and OTPs – this is because the scammer was able to send an SMS that appeared in a chain of genuine messages from Revolut containing a code to verify the identity of the adviser, which the scammer then read out.
- Mrs K took comfort in being instructed not to click on links and rather to send the emails to an address that appeared to be an official Revolut account alongside a reference number. And she shared the OTPs thinking this was to protect the account and verify a previous payment for the same amount as part of a review of the account.
- With this in mind, I don't think it would be reasonable to conclude that Mrs K did or ought to have realised she was enabling a third party to make payments on T's behalf – particularly in the context that there was a pressure to act quickly to protect the account. For these reasons I don't think it would be fair to conclude the payments were actually or effectively authorised.

Are there any other reasons why it would be fair for Revolut to hold T liable for the disputed payments?

There are some grounds under which Revolut could hold T liable for unauthorised payments. As T is a micro enterprise the relevant test as set out in the PSRs is whether Mrs K failed in her obligations to keep T's secure information safe with intent or gross negligence.

For similar reasons set out above, I don't think Mrs K deliberately failed to keep the secure information Revolut sent her safe. In terms of whether she failed with 'gross negligence', I note that gross negligence goes beyond ordinary carelessness, rather it is reached in circumstances whereby someone has seriously disregarded an obvious risk. I don't think Mrs K has done so here because:

- Mrs K has described why she was ultimately persuaded she was speaking to Revolut – she was unable to access her Revolut app to use the chat function and the caller was able to spoof Revolut's number so that calls and messages from the scammer appeared to be from Revolut.
- As I've said above, Mrs K took steps to verify the caller and it was convincing when they knew the code sent to her to identify the adviser. She was then persuaded to share an email thinking this was needed by Revolut – likely under the guise this was to investigate the fraud attempts. Once the scammer had access to T's Revolut account (by adding another device), they were able to reference genuine payments and trick Mrs K into thinking she needed to verify a previous genuine payment. This was as part of the conversation investigating the fraudulent attempts on the account, and so the message would not have appeared out of place.
- I note Revolut's comments about a previous scam warning but given the false sense of urgency created to protect T's account and what I've addressed above in relation to the plausibility of the scam, I think it's understandable that Mrs K wouldn't have

- connected the events to the warning.
- On this basis, I think a lot of people would have been persuaded to act in a similar way to Mrs K. So, I don't think it would be fair to conclude Mrs K had acted with gross negligence in the circumstances.

For the reasons explained, I don't think Revolut has fairly declined T's fraud claim and therefore it should reimburse the disputed payments. It should also pay interest on the payment amounts for the time T is without the funds.

My final decision

My final decision is the Revolut Ltd should reimburse the disputed payments to T. It should also pay T simple interest at a rate of 8% a year on this amount from the date the payments were made to the date of settlement.

If Revolut Ltd considers that it's required by HM Revenue & Customs to deduct tax from that interest, it should tell T how much it's taken off. It should also give T a tax deduction certificate if it asks for one, so it can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 7 November 2024.

Stephanie Mitchell
Ombudsman