

The complaint

Miss H complained because The Royal Bank of Scotland Plc (RBS) refused to refund her for a transaction she said she hadn't authorised.

What happened

On 1 July 2024, a faster payment for £519.00 was debited from Miss H's account.

Miss H contacted RBS and said she'd had a notification that £519 had left her account, and that she hadn't authorised it.

RBS's adviser told her the payment had been made using a different type of phone from the one Miss H had, and that additional phone had been added to her account on 16 June. He also told her that in order to authorise adding the new phone, a one-time passcode (OTP) had been sent to Miss H's existing phone. Miss H said she was sure she hadn't received any text messages from RBS on 16 June, and she hadn't received any suspect calls. The adviser asked Miss H to look through her messages for a six-digit OTP on 16 June, and she said she had nothing at all until the 1 July notification of the withdrawal.

RBS stopped Miss H's mobile and online banking, and sent her a replacement card and PIN.

RBS considered Miss H's claim, and an adviser rang Miss H back. The adviser explained again that the OTP code had gone to Miss H's registered phone, on which they were speaking. She said RBS couldn't refund Miss H without knowing how the code had been used. Miss H said she needed the money back. The adviser checked that no-one had access to Miss H's phone, which she confirmed, and Miss H also said she hadn't had any problems with her phone network.

The RBS adviser also explained that usually a fraudster who'd accessed an account wouldn't wait some time before withdrawing money, which had happened here. There was no explanation for how the fraud had been carried out. The only way RBS could see that this could have happened was if Miss H had given out the code. Miss H said she hadn't had a code, and she needed the money to live on. The RBS adviser said that it could see that the code had gone to Miss H's mobile, and that it had been correctly entered. So it wouldn't refund her.

Miss H complained.

In RBS's response to Miss H's complaint, it said that with any claim of fraud, it took many factors into consideration, though it couldn't give her details for security reasons. It said that it knew the only way the fraud could have occurred would have been as a result of Miss H giving the details to a fraudster – but Miss H had said she hadn't given any information to a third party.

RB explained that sometimes fraudsters would gain access to a customer's account by getting the customer to click on a link, then adding another device to the account. That would generate an activation code being sent to Miss H's existing phone number with a message

not to disclose that code to anyone. But Miss H had said she hadn't given anyone a code. This meant there was no explanation for how this happened, so RBS declined Miss H's claim and wouldn't refund her.

Miss H wasn't satisfied and contacted this service.

Our investigator didn't uphold Miss H's complaint. She said she couldn't identify a compromise for how a new phone was added to Miss H's account. Miss H had said she hadn't received a OTP, but the online audit showed that the OTP, sent to Miss H's existing phone, had been used to authorise the new device. Miss H had also said she'd received no suspicious calls or emails, and there was no evidence of a SIM-swap. So the investigator concluded that the transaction had been authorised by Miss H.

Miss H didn't agree and asked for an ombudsman's 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.

What the regulations say

There are regulations which govern disputed transactions. The relevant regulations here are the Payment Services Regulations 2017. In general terms, the bank is liable if the customer didn't authorise the payments, and the customer is liable if they did authorise them.

So what I need to decide is whether the evidence indicates that it's more likely than not that Miss H, or a third party unknown to her, carried out the disputed transaction.

Who is most likely to have carried out the disputed transaction?

The technical computer evidence shows that an additional phone was added to Miss H's RBS account on 16 June. This was carried out by a OTP being sent to Miss H's existing phone. Her existing phone was registered on her account, and it's the phone number which was used in her subsequent conversations with RBS and which she gave to this service as her contact number.

The technical computer evidence also shows that the OTP sent to Miss H's existing phone on 16 June was then correctly entered, resulting in the new phone being added to Miss H's account.

The disputed transaction was carried out on 1 July using the phone which had been added on 16 June by verification using the OTP to Miss H's existing phone.

Miss H's evidence is that she never received a OTP on 16 June and didn't authorise adding the extra phone. She also said that she hadn't received any suspicious calls, or emails or anything asking her to click on a link, or disclose the OTP. Miss H also said that her existing phone is secured by a passcode, and no-one else has access to it.

I can't see how any third party fraudster could have obtained the OTP which computer evidence shows was sent to Miss H's phone on 16 June, and which was used to set up the extra phone. Miss H said she hadn't passed on any codes, and no-one else had access to her phone. I also think that any fraudster who accessed someone's account on 16 June, wouldn't have waited until 1 July before stealing money, but would have done so in the next day or two. I note that at one point on 17 June, the day after the addition of the phone, Miss

H's balance was £637.05. If a fraudster had access to her account, I'd have expected them to steal money at that point, not wait until 1 July.

Taking all these factors into account, I find it's more likely than not that Miss H herself authorised the disputed transaction. So RBS doesn't have to refund her.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 6 February 2025.

Belinda Knight
Ombudsman