

The complaint

M, a limited company, has complained Revolut Ltd won't refund them for over £45,000 worth of transactions made from their account by a fraudster.

What happened

Mr C is a director of M. M opened a business account with Revolut in September 2019.

In March 2024 Mr C was the victim of a scam. Fraudsters were able to access two of his other personal accounts and transfer funds. M's account with Revolut was also taken over by a fraudster in that another device was linked to the account and over 45 payments were made, with a further number attempted but declined. These totalled over £75,000. Mr C contacted Revolut when he realised what was happening. He'd been unable to access the Revolut banking app for M's account and was shocked when he saw what had occurred.

Revolut confirmed they'd blocked the account because of suspicious activity. They also confirmed they wouldn't be refunding M as they felt Mr C had provided apparent authority for the transactions and had acted with gross negligence. They were able to recall some payments totalling £14,042.09. This left M with a total loss of £45,340.20.

M brought their complaint to the ombudsman service.

Our investigator wasn't convinced that apparent authority – in line with existing regulations – had been present and asked Revolut to refund M in full, along with 8% simple interest.

Revolut disagreed with this outcome and have asked an ombudsman to consider this complaint.

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. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

I have not gone into all of the detail that happened and the distress this must have caused to Mr C, as a director of M. However, I should add that I'm not convinced Mr C is being totally honest with our service. He's adamant that he wasn't contacted by anyone pretending to be from his bank who ended up conning him into providing bank details.

Revolut on the other hand has told us that Mr C told them he believed he was talking to someone pretending to be from Revolut who was trying to prevent M being a victim of fraud. This meant that codes were shared with the person pretending to be from Revolut, and remote software was downloaded which would have enabled the fraudster to make the disputed payments.

I'm aware that our investigator gave Mr C many opportunities to tell us what really happened. To assist me in my decision I've also reviewed the other complaints Mr C brought to our service which has provided me with useful background and evidence.

That Mr C received a call from someone pretending to be from Revolut is what we often see in similar cases. Indeed, I have reviewed another Revolut complaint recently where details match this one quite closely in terms of how the fraud was committed, the timing and what Revolut allege about the account-holding business.

That said, and I have repeated this to financial institutions who have tried to draw parallels between the cases we consider, each case is reviewed independently although it is clear that we consider fraud trends and knowledge about fraud when considering such complaints.

The regulations which are relevant to M's complaint are the Payment Services Regulations 2017 (PSRs). These primarily require banks and financial institutions to refund customers if they didn't make or authorise payments themselves. There are exceptions to this and that would include if the customer had acted with gross negligence or intent to allow any security details – including the card and PIN, and mobile banking access – to be used by someone else.

I note Revolut has suggested M acted in a grossly negligent manner. I can see they argue their terms and conditions have precedence over the provisions of the PSRs. Whilst I note what these say about not providing refunds if the fraud happened if the customer didn't keep their security details safe, I confirm I don't believe this constitutes gross negligence. Gross negligence is a high bar to cross. I agree Mr C must have shared codes with the fraudsters to enable them to add devices and payees to the account, but I don't believe this is sufficient to say this is gross negligence because of the circumstances around what most likely happened here. Mr C was the victim of a vicious scam, and would most likely have been incredibly concerned about three different accounts and trying to ensure his funds were somewhere safe. He wasn't simply leaving his PIN written down for a fraudster to see and use.

Mr C did provide authentication, I understand, to enable a new device to be set up on M's account. This enabled the fraudsters to make the payments themselves.

The evidence does however confirm Mr C shared different codes to enable a number of separate £1 payments to be made. From what I've seen it's likely the messages received by Mr C stated that these were for different entities (and including refunds related to another of Mr C's accounts). By doing so I believe M authorised those payments for a £1.

Revolut has argued that apparent authority existed for the other many transactions. However, I don't agree. Apparent authority under the PSRs is about the provision of a payment instrument to enable transactions to be made. Whilst codes may have been shared, Mr C did not provide any payment instrument to the fraudsters.

There were attempted card payments made by the fraudsters – for approximately £10,000 – but these were declined by Revolut.

Under the PSRs there are two key aspects which make up authorisation – authentication

and consent. The fraudsters had the means to authenticate the transactions having set up new payees, and after having set up remote software to enable them to access M's account with Revolut they were able to make the payments themselves. There's nothing to indicate that M was in a position to consent to payments that they didn't know about. Nothing in the testimony Mr C provided to our service or to Revolut suggests there's any consent for any other transaction, nor do I believe is there any implication that M was providing apparent authority to the fraudsters.

So to confirm I've not seen evidence which shows that the many other individual payments made from about 10:30 onwards were known to M. I'm satisfied there was no consent for those transactions as would be required if I was to say these were authorised.

I also note other aspects which I believe mean that Revolut should refund M in full. These include:

- Revolut has subsequently confirmed that there were no warnings provided to M about the payments being made, despite originally saying this was the case. None of the messages Revolut shared with Mr C around authentication codes warned him not to share these with another party or told him that Revolut wouldn't ask for these codes.
- About 45 payments were made to newly-set up payees from M's account. There is nothing to indicate that Revolut felt any of this was at all suspicious despite this clearly resembling fraud. I note what they say about the nature of transactions undertaken by business accounts but none of this matches previous use by M. Card use is predominant, rather than payment transfers. I would have expected these to have been noticed and intervention to have occurred.
- Revolut were told of the fraud on 4 March 2024 within a short time of this happening. They took no action immediately to recoup funds which limited the chance of that being successful at all. To be fair this was still reasonably successful in over £14,000 being recouped.

Putting things right

As I'm satisfied there's not enough evidence to show M authorised these disputed payments, I will be asking Revolut to refund M. The full disputed amount was £45,340.20 but Revolut can deduct the £1 payments that I believe were authorised by Mr C on M's behalf.

They will also need to add 8% simple interest.

My final decision

For the reasons given, my final decision is to instruct Revolut Ltd to:

- Refund M for the disputed payments having deducted the authorised £1 payments; and
- Add 8% simple interest a year from 4 March 2024 to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 27 August 2025.

Sandra Quinn

Ombudsman