

The complaint

W, a limited company, complains that Revolut Ltd have unreasonably declined to refund them for their losses to a scam. They'd like the losses returned to them.

What happened

In December 2023 an employee of W, Mr B, received two missed calls. When he called back he found the number was Revolut's. The same day at about 17:00 he messaged them in their in app chat, and was told that W's account was currently under review, and he would be contacted once the review was complete.

Later that day Mr B received another call from the same number, and was told it was a call from Revolut's security team, and that W's account had been hacked. He was directed to check W's account to make sure two payments the fraudster had attempted hadn't been debited. He was then told that they would need to download remote access software, to allow diagnostic checks to be run on his laptop. This left the screen of his laptop blank, and he couldn't see what was happening.

Mr B was told by the caller that as part of the tests, one-time passcodes (OTPs) would be sent. He received these texts from Revolut's usual number and gave them to the caller.

At the same time a director of W, Mr S, received a call from someone claiming to be from Revolut. Mr S and Mr B were able to communicate with one another to confirm they were being given the same information. However, Mr S became suspicious when he was asked to provide a code. He attempted to directly contact Revolut and was eventually able to get through on the app. Mr B then discovered that a number of payments had been made from W's account using the remote access software – and that the callers had been fraudsters. In total the six payments were made from W's account to four different accounts:

Time	Amount	Payee
20:49	£24,900	A
20:51	£22,600	B
20:56	£9,700	C
20:59	£9,700	D
21:17	£5,000	C
21:17	£5,000	D

In total W lost £76,900. Mr S complained to Revolut, arguing that they should have told Mr B that they hadn't been trying to call him. He said they should have identified that the payments were fraudulent, and that they should have intervened and contacted Mr B or Mr S directly, rather than rely on written warnings.

Revolut responded to say that they had processed the transactions in accordance with the agreed form and procedure with W. They didn't agree they should be liable for the transactions, as they felt they had provided sufficient scam warnings. They said they had done everything in their power to recover the funds in question but hadn't been successful.

Dissatisfied with this answer Mr S referred W's complaint to our service. They explained they'd had to get a loan to cover the losses and were incurring interest charges on this. One of our investigators looked into what happened. He found that one receiving bank had managed to recover £117.53, but this hadn't been returned. Revolut didn't provide information on how the transactions were authorised, so the investigator felt it was reasonable to treat the payments as unauthorised. They suggested Revolut refund the transactions in dispute and also pay 8% simple interest per annum on the amount from the date of payment to the date W took out the loan, and then that they cover the loan interest charged until the date of settlement.

This was accepted by Mr S on behalf of W. But Revolut disagreed and provided further information. They said they were satisfied the payments were made from a web browser and would have required the OTP to complete the payment. As Mr B would have needed to share these with the scammer, they could not safely say the payments were unauthorised. But this didn't change the investigator's mind.

As no agreement could be reached, the complaint has been passed to me to decide. I requested further information from both parties, which has now been received. Revolut have also questioned whether W were within the jurisdiction of our service – as publicly available information suggested their employees were higher than our limits, and they thought the turnover may be too high.

Upon review, I issued my provisional decision that said, in summary:

- I was satisfied that W were an eligible complainant under the rules of our service, but also that that they were too large a business to reasonably be considered a "micro-enterprise" at the time of the transactions.
- The relevant regulations to payments, the Payment Services Regulations 2017 (PSRs), allow the parties to agree to vary certain provisions if they are not consumers, charities or micro-enterprises. In this case the terms of W's said that Revolut will not provide a refund if *"the theft happened because you didn't keep your security details safe..."*
- Revolut hadn't been able to provide detailed authentication data for each payment, but had shown that the payments were set up using a web browser, which was consistent with what Mr B had said about providing remote access.
- It seemed more likely than not that the payments had been authenticated with the OTPs Mr B had supplied to the fraudster. I was minded that this amounted to not keeping the security details safe, and as such under the terms it was reasonable for Revolut to decline to refund the payments.
- That at the time of the transactions I was persuaded that the value or number of transactions stood out so significantly that Revolut ought to have intervened. The account had been sued for high volume payments previously, and the amounts paid out were not significantly out of step with previous account activity. It wasn't unreasonable for Revolut to have processed the transactions. I didn't see that it would be reasonable to ask Revolut to refund on this basis.
- The fraudsters appeared to be sophisticated and persuasive, even to Mr S. So, I wasn't persuaded that Revolut failing to tell Mr B that they weren't trying to call him earlier in the day had a significant impact on the outcome.
- Revolut contacted the receiving banks in a reasonable timeframe after being notified of the fraud. There was an amount of £117.52 that had been recovered, but didn't seem to have been returned to W. I thought it reasonable this be returned along with 8% simple interest per annum from the date of recovery to the date of settlement.
- The last two payments had taken place after W had notified Revolut of the fraud – albeit in a very short timeframe. But I felt it would be reasonable from Revolut to

refund these two transactions and add 8% simple interest per annum for the period they were without these funds.

Revolut responded to say they had nothing further to add. W responded to say, in summary:

- Revolut hadn't been able to provide details about how the transactions were authenticated, which
- Two transactions had been frozen by Revolut, but there didn't seem to be an explanation of how these payments had been released.
- They felt that the attempt by the fraudsters to call Mr B earlier should have been picked up on by Revolut. Had the bank taken steps at this point the subsequent fraud would have been prevented.
- They felt that the pattern of transaction was unusual enough that it should have been picked up Revolut, and further questions asked. Had they done so it was likely the scam would have come to light.
- They highlighted that 81% of the available funds in W's account had been used up in a short period, which ought reasonably to have prompted concern.
- W disputed that they would be considered a large corporation, base on their turnover and employee numbers – and provided evidence that they would be considered a "small enterprise".
- W highlighted Mr B's vulnerabilities, such as his health, and lack of familiarity with sophisticated scam techniques, as a reason for him providing security information to the fraudsters. They felt it was unjust to hold W liable considering the skill of the fraudsters, and the fact Mr B genuinely thought he was speaking to Revolut at the time.

It now falls on me to consider the evidence afresh.

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.

Where the evidence is unclear, contradictory or simply unavailable, I must base my decision on what I consider to have most likely happened. I have considered all the points they have raised in response to the provisional decision very carefully – I have given a brief overview of what I consider the key points above. If I haven't mentioned something specifically it isn't because I haven't considered it or failed to take it on board. Rather that I don't see it's necessary to do so to reach a fair outcome. This is intended to reflect our service's remit to act as an informal alternative to the court system.

I also recognise the W is the victim of fraud here – but that isn't in itself the determining factor in whether Revolut should be responsible for refunding W. Instead, I've taken in to account the relevant law and regulations, industry guidance and what I consider to be good practice when deciding what I consider to be a fair and reasonable outcome.

Size of W's business

W has submitted evidence that they would be consider a "small enterprise" under the commonly used definitions of the various business sizes, rather than a "large corporation". I will explain the term "*large corporation*" is what Revolut's terms refer to a business larger than a micro-enterprise. I don't see that it's intended to match precisely the definitions of small, medium and large enterprises.

For our service's purposes, W meets the definition of a small enterprise – this is the largest size of business that our service can accept a complaint from. But crucially for my considerations in this case, it is too large to be considered a micro-enterprise. This is because at the time of the transactions W had over 10 fulltime employees, which is the upper limit for a micro-enterprise. W had only recently taken over the business, so it isn't reasonable for me to take in to account any previous accounting periods when considering the size of W's business.

This means that the provisions within Section 63 (5) of the PSRs that allow the parties to set aside certain sections for payment service users that aren't consumers, micro-enterprises or charities – specifically here Section 77, that discusses the payer's liability for unauthorised transactions – can reasonably apply to W's account. The Revolut terms make this distinction and provide terms for micro-enterprises and other sizes of enterprises. So, I'm satisfied that it is reasonable for the bank to rely on them, and I have taken these into consideration when deciding this complaint.

Authorisation and keeping security details safe

It's not disputed here that the payments were made by the fraudsters. So, under the PSRs they would be considered "unauthorised". But as mentioned above, under the terms the parties have agreed to depart from the PSRs in relation to liability for unauthorised transactions. The term where Revolut discuss their liability for when money is stolen from an account says:

We may pay the money back and restore your Account to the state it would have been in if the amount had not been stolen. We won't provide a refund if the theft happened because you didn't keep your security details safe or evidence suggests that you acted fraudulently.

Security details include "usernames, API Keys for your Business AP, passwords, PIN numbers and any other information you use to access your Revolut app". The OTPs aren't listed there, but I remain satisfied that they are a security feature designed to ensure all instructions are legitimate.

W has commented that they see it as unjust that Revolut can't provide comprehensive technical data of how each payment was authenticated. I agree this would be helpful.

But here the sequence of events that led to the payments isn't disputed – that Mr B was tricked in to downloading the remote access software and allowed the fraudster to take control of his computer. The fraudster then set up the payment requests through the remote access, and Mr B received the OTPs to authorise the payments, which he then gave to the fraudsters. So, while the authentication data would be helpful in determining timings and devices used, I think it likely that the facts of the case would remain the same.

The technical data I have received confirms the use of a web browser to initiate the payments, and W has shown me screenshots of the OTP text messages received. And this is all in line with the conversations between Revolut and W when reporting the fraud. So, I'm satisfied that this is enough information for me to reach a fair outcome.

The wordings of the OTPs are very clear that these are to set up payments – giving an amount and a recipient. I appreciate what W has said about Mr B and his vulnerabilities, which would have made him more susceptible to the fraudsters. But I have to bear in mind the complainant here is W, rather than any individual personally. They would be acting on behalf of W, in their professional capacity. The test of whether the security details have been kept safe is specific to the facts.

From the facts of the case, it is reasonably clear that Mr B didn't keep the security details safe – by allowing remote access, and by sharing the OTPs. Under the terms of the account, it isn't unreasonable for Revolut to decline to refund W.

Could Revolut have done more to prevent the transactions?

As discussed in the provisional decision my expectation would be that Revolut should reasonably have systems and controls in place to detect and prevent financial harm – such as fraud and scams. If something does look particularly unusual, concerning or out of place, I may expect Revolut to intervene by providing additional warnings, carrying out additional checks, or declining to process further transactions.

But any intervention would have to be proportionate to the perceived risk. Revolut have said they provided additional warnings and asked for the purposes of payments. Mr S has now highlighted messages he received from Revolut had blocked a payment for a “suspicious transfer” – the two highlighted were for the payees A and B in the table in the background section.

It was more likely than not that the fraudster saw these warnings and released these payments – nobody at W has said they did so. The question is whether this was a proportionate response to the risk involved – or whether Revolut ought to have carried out a more proactive intervention.

I think it's important to bear in mind that this has to be based on information available to Revolut at the time. With hindsight we know that the payments were fraudulent, but I'm not persuaded that at the time these transactions would have stood out as so out of character that Revolut ought to have intervened more forcefully.

I've carefully considered W's submissions about the daily value of transactions in the month of December. But as mentioned in the provisional decision the account history shows payments of similar amounts in the months preceding the fraud – and also with the knowledge that W only took over the business in October 2023. So, there is a limited time to establish a pattern.

But I do not see that the transactions were so significantly different to how the account had been used previously. W has highlighted the percentage of the account balance used. But that is out of line of how a small business would operate an account – which by its nature is going to be different to how an individual, or an enterprise on a smaller scale would operate. And the balance of the account wasn't close to being exhausted at any point.

In response to the provisional decision W has said that the payments to recipients labelled A and B above were to a new single payee. But having reviewed the evidence, and the communication with the receiving banks, I'm satisfied that these were two separate accounts with different unique identifiers.

Overall, I'm not persuaded that Revolut ought reasonably to have done more to intervene and prevent the transactions from being made.

On the point around the message whereby Mr B asked Revolut whether they were trying to call him. I remain satisfied it would have been appropriate for Revolut to explain that they weren't calling. But I'm also not convinced this would have prevented the fraud. I don't see that this would reasonably put Revolut on notice that W was being targeted by fraudsters.

The fraudsters here were obviously sophisticated and persuasive. It's a reasonable assumption that even if Revolut explained they weren't calling earlier in the day, then the fraudster will have provided an explanation for this discrepancy. I've considered whether Mr B may have not answered – but the advice he received from Revolut was to ignore the calls for now. But I'm not minded that Revolut's failure to explain they weren't calling ultimately led to the loss.

The last two payments sent from W's account were after the point that the fraud was reported to Revolut. The timing here is very tight, but it is after the point of reporting. And nothing in the terms for "large corporates" talks about liability after reporting – so I'm satisfied that it's reasonable for these to be refunded to W, plus 8% simple interest per annum. Revolut haven't disagreed with this point.

Recovery of funds

Revolut have demonstrated that they contacted the firms in receipt of W's funds in just over an hour of being made aware of the fraud, which is in line with what I'd expect. No funds remained from recipients A and B. But the firm who received the payments for payees C and D still had £117.52 available to return – as confirmed on 16 January 2024. It's not clear which specific transaction these funds remain from – it's possible these funds are from one of the two I've suggested Revolut refund, although this isn't an argument Revolut have advanced. So, to give the benefit of doubt it would be reasonable for these to be refunded to W separately.

I've not seen any indication this has been passed on to W, so it would be reasonable for Revolut to now do this.

In their response to the provisional decision W have asked about the receiving firms, and whether the account opening was done with due diligence. Ultimately our service can only consider individual disputes between financial services providers and their complainants. So, I wouldn't consider the account openings as part of W's complaint against Revolut. W is free to contact the receiving parties should they choose to do so. But I make no finding on this.

Putting things right

I appreciate W will find my conclusions disappointing. But I'm minded that the reasonable outcome for this complaint is for Revolut to:

- Refund £10,000, representing the final two transactions from W's account that were made after the report of fraud. They should also add 8% simple interest per annum to this amount, from the date of payment to the date of settlement.
- Refund the recovered amount of £117.52. This should have 8% simple interest per annum added from 18 January 2024 to the date of settlement.

If Revolut considers that it's required by HMRC to deduct tax from the interest awards, they should tell W how much has been deducted. They should also provide a certificate showing this deduction, should W ask for one.

My final decision

My final decision is that I uphold this complaint, and direct Revolut Ltd to settle it as above.

Under the rules of the Financial Ombudsman Service, I'm required to ask W and W to accept or reject my decision before 26 June 2025.

Thom Bennett
Ombudsman