

The complaint

Mr R complains that eToro Money UK Ltd (eToro Money) failed to reimburse him following unauthorised transactions on his e-money account.

What happened

Mr R has a share dealing and derivative trading account with another firm within eToro's group, eToro (UK) Ltd (ETUK). By connection to that he also has an e-money wallet which is operated by eToro Money, the subject of this complaint.

On 29 August 2024 in the early hours Mr R says his mobile phone was stolen and his trading account accessed through that to sell shares and cryptocurrency positions he owned, mostly between 3am and 4am that morning. Those cash proceeds were received into Mr R's e-money account held with eToro Money, from where cash payments were sent of £3,000 at 4:01am and £1,599 at 4:06am to an individual I'll refer to as "B". A further payment of £569.72 was sent to Mr R's account a few hours later at 7:11am.

Later that day at around 11:50am Mr R contacted eToro Money to report that his phone had been stolen, from where his account could be accessed. Mr R recalls that in this call eToro Money had assured him the account hadn't been compromised. Once he received a replacement phone around 9 September 2024 he says he logged into his account to find the opposite, that the above transactions had taken place without his authorisation.

Dissatisfied eToro Money wasn't able to recall or refund the transactions, he complained to the firm about it allowing both the withdrawal and transactions to take place. In his view it ought to have been clear to eToro Money the withdrawals from his account were unauthorised and that it should've done more to prevent or retrieve the funds.

It isn't clear which entity of eToro responded to his complaint, but both the trading and e-money aspects had been considered but not upheld. Relevant to his e-money account with eToro Money, it said the correct procedures had been followed and as the withdrawals had been processed several hours before Mr R first told it his phone had been stolen, it couldn't have done more to prevent the withdrawals or recall the money.

Mr R, dissatisfied with the response he'd received, asked our service to look into his complaint further. One of our Investigator's considered the matter and upheld it. He said:

- eToro Money were responsible for the matters taking place within the e-money wallet.
- The payment services regulations required eToro Money to compensate Mr R because the transactions were unauthorised and weren't a result of Mr R's intent or gross negligence because:
 - The transactions took place when the phone wasn't on Mr R's person.
 - The phone was secured using biometrics and a 6-digit pin code.

- He promptly contacted the police and other account providers which had been compromised in the same incident.

Concluding, our Investigator said eToro Money should refund the withdrawals to the account not in his name, pay 8% simple interest on that amount, and £300 to reflect the distress and inconvenience caused.

eToro didn't respond. Mr R asked for an Ombudsman to decide his complaint.

As an agreement wasn't reached the complaint was 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.

In broad terms the Payment Services Regulations (PSR) requires eToro Money to reimburse its customers for unauthorised transactions on an account, unless either:

- The transaction was authorised by their customer, or
- It came about by their intent or gross negligence.

There is sufficient evidence in Mr R's circumstances, in my view, that it's likely Mr R didn't authorise or consent either directly or indirectly to the withdrawals he complains of. I say this because the evidence available persuades me it's likely his phone was taken from him and therefore away from his person when those transactions took place, which were facilitated one way or the other using that device. He had also reported the matter as a theft to the police and other financial accounts were compromised in a similar manner to his eToro Money account. Mr R had also reported the incident to eToro Money later that morning, around 11:50am, and so in my view had done so promptly as he'd be expected to.

I've also considered whether the access to his accounts could be considered to have been caused by Mr R's gross negligence. The FCA guidance documents for PSR says:

"...we interpret "gross negligence" to be a higher standard than the standard of negligence under common law. The customer needs to have shown a very significant degree of carelessness."

I've thought about that and how it applies to Mr R's circumstances. Regardless of how the phone was stolen and subsequently his account accessed from that, Mr R's eToro Money account was protected through a username and password. The logs also show the e-money account had 2FA enabled on it at the time, which I say because the logs show 2FA markers being triggered shortly before the withdrawals on the e-money account.

It's unclear to me how the account was compromised but the evidence provided demonstrates in my view that the phone was likely taken out of Mr R's possession, likely the point of entry, or otherwise facilitated that entry, into the account, device level biometrics and pin protections were in place, and the app based 2FA was enabled – which given the device itself was compromised was likely ineffective. Around this time B's details were added and the account then emptied by means of those withdrawals to B as a payee.

Mr R then, in my view, had likely taken reasonable steps to protect his account from unauthorised access, and I've not seen any other evidence to persuade me that the account was accessed because of any intent or gross negligence of Mr R.

It follows then the reimbursement rules in the PSR are engaged and eToro Money ought to have reimbursed Mr R his losses. And as it didn't do so, I'm satisfied it treated Mr R unfairly.

I've also considered Mr R's communications with eToro Money and think it ought to have done more to correctly identify Mr R's account and in the support it provided him. I say this because the call transcript shows Mr R was speaking to eToro Money and while he didn't know his account number, he gave other information such as his name and address. eToro Money appear to have mixed that up with his partner's account, which I'm not persuaded was caused by anything Mr R said or did. Although given the timing of the withdrawals and Mr R's call, I take the view it's unlikely eToro Money could've prevented those happening sooner or have provided ETUK with that information in time before the last transactions were carried out on his trading account.

Mr R says this money was to go towards important family spending, given that and the wider worries caused by such an incident which eToro aggravated by failing to reimburse him, I think eToro Money has caused Mr R a degree of distress and inconvenience in how it handled this matter.

Putting things right

In putting things right with Mr R, I direct eToro Money UK Ltd to do as follows:

- Reimburse the value of the two transactions to B – which I understand to be £4,599,
- Pay 8% simple interest on this amount from the date of the withdrawal until the date of my decision, and
- Pay Mr R £300 to compensate him for the distress and inconvenience caused.

My final decision

I uphold this complaint and direct eToro Money UK Ltd to settle it as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 12 March 2026.

Ken Roberts

Ombudsman