

The complaint

Mr M has complained that Revolut Ltd won't refund transactions he says he didn't make or otherwise authorise.

What happened

Mr M was phoned by a scammer who impersonated the fraud team at another bank he used. They told him he'd get notifications someone was trying to make payments on his account with that bank, though secretly it was the scammer attempting those payments themselves. They told Mr M to reject the payments at first. But when the transactions kept coming, they persuaded Mr M to accept them, saying this would allow them to suspend his accounts and reverse the payments.

The scammer then asked Mr M about his other accounts, and he told them about Revolut. They claimed they'd speak to Revolut themselves to help protect him. They persuaded Mr M to give them his Revolut card details, and a security code for setting up Apple Pay on a new device, which they said they needed to verify themselves with Revolut. The scammer then used Apple Pay to send £4,000 from Mr M's Revolut account to a cryptocurrency platform.

Mr M reported the matter to Revolut that same day. Revolut looked into doing a chargeback for Mr M, but found it couldn't succeed. They held Mr M liable for the payments in dispute as he'd allowed the scammer to make them by giving over his full card details and a one-time passcode for Apple Pay which he'd been warned not to share with anyone.

Our investigator looked into things independently and didn't uphold the complaint. Mr M asked for an ombudsman to look at things afresh, so the complaint's 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.

First, I understand that Mr M fell victim to a scam, and so he has my sympathy. I appreciate this can't have been an easy time for him, and I appreciate why he feels that his money should be returned. It's worth keeping in mind that it's the scammer who's primarily responsible for what happened, and who really owes Mr M his money back. Whereas this case is about Revolut, so I can only consider what Revolut did here.

Broadly speaking, Revolut can hold Mr M liable for the payments in dispute if the evidence suggests that he authorised them, or if he failed to keep his account safe either intentionally or through acting with gross negligence.

There's an argument that by handing over his full card details and the Apple Pay security code needed to make payments, Mr M gave the scammer his apparent authority to use his account. It effectively meant that Revolut couldn't know it wasn't Mr M making the payments. That would mean that the payments would be considered as authorised – and so Mr M would be liable for them in the first instance.

On the other hand, Mr M didn't ask the scammer to make these payments, nor hand over those details with the understanding that they'd be used for payments. He thought he was giving that information for security purposes in order to *stop* payments being made. So it's perhaps more arguable that these payments were unauthorised.

I've then thought carefully about whether Mr M's actions would constitute gross negligence. I appreciate that this was a sophisticated scam, that Mr M was under pressure, and that he thought he was actually protecting his account. But at the same time, Mr M gave full access to his Apple Pay to a stranger who'd cold-called him from an anonymous number and whose reasons for needing this were not plausible.

I appreciate the scammer knew some of Mr M's details, but those details would not have been particularly difficult to obtain, they didn't prove that they were who they said they were, and Mr M didn't take any steps to objectively verify what he was being told – such as by contacting Revolut or his other bank himself. More importantly, what the scammer told Mr M regarding Revolut was not reasonably plausible. They were impersonating a staff member from a different bank – not Revolut. And a bank would not need a customer to give over their full card details including the security number, let alone for a different bank. When Revolut sent Mr M the one-time passcode for Apple Pay, they set out clearly that this was to add his card to Apple Pay on another device and that he shouldn't share this with anyone even if they claim to be from the bank. So Mr M ought to have realised that this was a code to set up Apple Pay, and not a code to give out. He didn't have a reasonable basis on which to believe that the person he was speaking to needed this code. And he was given a very clear and relevant warning for his situation, but he did not take heed of it. Moreover, Mr M's other bank had already given him a relevant warning repeatedly shortly before this.

So by the time Mr M handed his Apple Pay security code to the scammer, I find that he no longer had a reasonable basis to believe what he was being told, and that he was seriously disregarding a clear risk following repeated warnings. I'm afraid I would consider that to be gross negligence, and so I cannot hold Revolut liable for the payments at hand. This is a difficult message for me to give, and I know it's a difficult message for Mr M to receive. But given the circumstances of this case, I'm unable to reasonably reach another conclusion.

I've also considered whether Revolut should have flagged the payments or intervened. Revolut should have been on the lookout for payments which could be the result of fraud or scams, to help prevent them. But I also accept that a balance must be struck between identifying and responding to potentially fraudulent payments, and ensuring there's minimal disruption to legitimate payments.

While the scammer's payments were for large amounts, they were not so large that I'd necessarily expect Revolut to have intervened. Mr M pointed out the risks of cryptocurrency payments, and I understand his arguments. For another customer, it might have been considered unusual for large payments to suddenly go out for crypto. However, in Mr M's case I can see that he made a number of payments for crypto from his Revolut account in the period before the scam. Indeed, crypto made up the vast bulk of his spending over the prior year. So the payments involved were not so unusual or out of character that Revolut needed to intervene here.

Lastly, I've considered what Revolut did to try to recover Mr M's money after he told them about the scam. While there are methods for trying to recover funds lost to scams, they only apply to certain types of payments, like bank transfers – but not to these Apple Pay card payments. And it wasn't realistically possible for Revolut to have got Mr M's money back via a chargeback, as chargebacks can only be made for certain reasons under strict rules, and there wasn't a chargeback reason which would've been appropriate here. So I'm afraid there wasn't anything more Revolut could have reasonably done.

So while I know this will come as a disappointment for Mr M, and while it is not my intention to disappoint him, I cannot fairly hold Revolut responsible for the transactions in dispute.

My final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 9 October 2023.

Adam Charles
Ombudsman