

The complaint

Mr Z complained because Revolut Ltd refused to refund him for a transaction he said he didn't make.

What happened

On 19 December 2020, Mr Z contacted Revolut to say there were two transactions he didn't recognise. One was for £150 and the other had no financial debit. The Revolut chat adviser asked him if a family member might have used his card, and Mr Z said he'd never received a card. The adviser told him to fill up a chargeback form and sent him a link.

On 22 December, Mr Z contacted Revolut again. He said he hadn't authorised all the transactions on his account in the last three days. The chat adviser said that only one, the first one for £150, had completed. He sent Mr Z a link to the chargeback form and also said that as Mr Z's card had been compromised, he should request a replacement card through the app.

On 9 January, Mr Z contacted Revolut again. It told him that the transaction had been investigated and there was no sign of fraud. So it held Mr Z liable for it. Mr Z complained. On 18 January, Revolut issued its final response letter. It said that the investigation had shown no fraudulent activity on Mr Z's account, and it wouldn't refund him.

Mr Z wasn't satisfied and complained to this service. He told our investigator that he'd never had a physical Revolut card. He'd used the account to make genuine payments before, and he kept his phone in his pocket.

Our investigator didn't uphold Mr Z's complaint. She noted that Mr Z had said he'd never ordered a card from Revolut. But Revolut's evidence showed that a card had been ordered through the app on 26 September 2020, and dispatched on 30 September. And there was also evidence to show that Mr Z had enabled online payments through the app on 6 December. He'd then made other transactions which he hadn't disputed, between then and 19 December when the disputed one took place.

And Mr Z had said he didn't recall his phone ever leaving his possession and it was in his possession at the time of the disputed transaction. It was password protected, and he also used facial recognition.

So the investigator didn't think a third party had carried out the disputed transaction.

Mr Z didn't agree. He said he hadn't made the £150 transaction himself, nor later transactions which didn't go through because the card had been cancelled. Mr Z said that although the investigator said no-one else could have made them because Mr Z still had his phone, it was possible that someone else had made the transaction online using the details from the card which Revolut said it had sent but he hadn't received. He suggested a dishonest retailer from a previous payment might have done this.

The investigator explained that the new card sent to Mr Z in September couldn't have been used until he'd confirmed within the app on his phone. And Mr Z hadn't disputed transactions since September, until the 19 December one.

Mr Z sent a long and detailed reply. In summary, he said it was definitely a fraudulent transaction, shown by the fact that he'd contacted Revolut to report it straightaway. He said he'd never mentioned he didn't have a card. And he said that as soon as any online transaction is done, all the information on the card is generally available and can be used fraudulently. Mr Z asked for an ombudsman 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.

Mr Z has raised multiple points in his submissions to the service. I've understood and looked into all of those, but I've commented on what I think is vital to my conclusions.

Regulations

There are regulations which govern disputed transactions. The relevant regulations for disputed transactions taking place in December 2020 are the Payment Services Regulations 2017. These say that the payment service provider (here, Revolut) must show the transaction was authenticated. That's the technical part. Here, the computer evidence shows that the disputed £150 transaction was correctly authenticated by manually entering details from the card which was issued to Mr Z in September 2020.

The regulations say that it's then necessary to look at whether the card holder authorised the payments. In general terms, the bank is liable if the customer didn't authorise the payments, and the customer is liable if he did authorise them. The regulations also say that account holders can still be liable for unauthorised payments under certain circumstances – for example if they've failed to keep their details secure to such an extent that it can be termed "*gross negligence*."

So I've gone on to look at who is most likely to have authorised the payments using Mr Z's card.

Who authorised the disputed £150 transaction?

When reaching my decision, I look at the evidence to see what I consider is more likely than not to have happened.

First, I've considered the card itself. On Mr Z's chat messages, he told Revolut he didn't have a card. On 19 December at 22:06, after the adviser asked him whether a family member might have used the card, he typed "*I never received a card. So there is no card.*" And on 9 January 2021 at 17:45 he typed (sic) "*I never received a card, and it seems that went it sent out from revolut it got lost.*"

The card was dispatched by Revolut on 30 September. It couldn't have been used until set up through Mr Z's app – and he didn't report that he'd lost his phone. And Mr Z confirmed that he made the multiple payments which were made using the card between the end of September and the disputed transaction on 19 December. So I find it's more likely than not that Mr Z did receive the new card in September, set it up through the app on his phone, and used it after September.

Mr Z has argued that the fact that he reported the transaction to Revolut, and did so promptly, proves that it was fraudulently carried out by someone else. But I don't agree that prompt reporting necessarily proves it was done by a third party. Nor does the fact that more payments were attempted and failed, after the card had been blocked.

Mr Z has also said that once he'd made a transaction, any third party such as a retailer, would be able to re-use the details he'd input, and use them to carry out any future frauds. But there are safeguards in the technology which prevent that.

Essentially, the computer evidence shows that the transaction was carried out using Mr Z's genuine card, with the card details entered manually during the transaction. This card was one which Mr Z had used for transactions which he hadn't disputed. So I find that it's more likely than not that the transaction was authorised by Mr Z, or by someone known to him who had access to his card and phone. Whichever of these it was, Mr Z is liable for the transaction and I don't require Revolut to refund him.

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 Mr Z to accept or reject my decision before 25 December 2021.

Belinda Knight
Ombudsman