

## **The complaint**

Mr S complains that Revolut Ltd has unfairly declined his claim for a refund of payments he says he didn't make.

## **What happened**

Mr S is disputing three online card payments from his account which took place on the 18 August 2021.

Mr S says he fell victim to a scam – he received a text from someone purporting to be the post office saying that he had missed a delivery and needed to click on a link to rearrange delivery. Mr S says he then entered his card details believing this was necessary. Mr S says he was new to the country and didn't know this was unusual.

Later that day, Mr S received a call from a fraudster impersonating Revolut's protection team, he was told that suspicious transactions had been detected and he needed to tap confirm to prevent them, which he did. Once he realised it was a scam he contacted Revolut to report this. The transactions total £884.94.

Revolute says that it couldn't raise a chargeback and wouldn't be providing a refund because, by selecting 'confirm', Mr S had authorised the payments.

When Mr S brought his complaint to our service, Revolut said it would offer Mr S £400 compensation as a gesture of goodwill. The investigator then upheld the complaint and recommended Revolut provide a full refund to Mr S.

Revolut didn't agree, it said Mr S had authorised the payments via the 3D secure function when he confirmed them in his banking app. It later added that Mr S had implied authorisation when he shared his card details with the scammer and that it would have been clear he was confirming a payment in the banking app.

As Revolut didn't agree with the investigator's assessment, the matter has 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.

The relevant terms and conditions of Mr S' account say:

*"You can also make payments or withdraw cash using your Revolut Card.*

*When you use your Revolut Card to make a withdrawal from an ATM or make a payment (for example, in a shop or restaurant), we will consider the payment to be authorised by you unless:*

- *you let us know that the money has been stolen from your account; or*

- *you don't think we've carried out your instructions correctly."*

And

*"We won't refund any money if you've acted fraudulently, or you intentionally or carelessly failed to keep your security details or Revolut Card safe (unless you told us about this before the payment was taken from your account). For example, we won't refund you if you gave someone your Revolut Card PIN and they made a payment using your card without you knowing about it."*

The relevant law here is the Payment Services Regulations 2017 (PSRs), and broadly speaking Mr S is responsible for any payments that he has authorised and he isn't responsible for unauthorised payments. So, the key question here is whether Revolut has acted fairly in concluding that Mr S did authorise the disputed payments.

For a payment to be authorised, Revolut must show that it was authenticated correctly and why it thinks Mr S consented to it. These payments appear to have been made using Mr S' card information online and were verified using Mr S' app.

The facts don't appear to be in dispute, so I think the key issue is here whether Revolut has acted fairly in concluding Mr S consented to the payments or to someone else making these payments on his behalf.

I don't think Revolut has acted fairly, and I'll explain why:

- Mr S has provided the text used to phish secure information from Mr S and explained the call he received from someone impersonating Revolut. For the avoidance of doubt, I find this evidence persuasive and accept he was the victim of a scam.
- Under the PSRs, a payer authorises a payment transaction when they consent to that transaction in line with the form and procedure agreed with the payment service provider, here Revolut.
- The terms and conditions provided don't specify the form and procedure for making an online payment. Here, the steps needed to make a payment were likely entering Mr S' card information, selecting pay, and as they were prompted to 3D secure – confirming those payments in Mr S' banking app. Mr S only undertook one of these steps. So I'm satisfied he didn't authorise these payments and so the starting point under the PSRs is that Revolut should provide Mr S with a full refund.
- The terms and conditions reference when a customer intentionally or carelessly fail to keep their security details or card safe. Whilst the PSRs do provide a similar test, this is not applicable to distance contracts – which the disputed payments appear to be as they are online card payments. Revolut has not provided any evidence to suggest these were not distance contracts or that any relevant exemption applies in the circumstances.
- I understand the notification Mr S received referenced verifying a payment and the banking app said "confirm your online payment". However, I think it's important to note that when Mr S selected 'confirm', he was being coached by the fraudster on the telephone. And that this was in the context of believing he was speaking to Revolut and that he needed to take steps quickly to protect his account and prevent these payments. So, I don't agree that Mr S understood he was approving a payment or that his involvement amounts to authorisation in the circumstances.

### **Putting things right**

To put matters right, Revolut should provide Mr S with a full refund of the transactions and make an interest payment on this amount to reflect the time he has been without these funds.

### **My final decision**

My final decision is that Revolut Ltd should do the following:

- Provide Mr S with a full refund - £884.94.
- Pay Mr S interest at 8% simple on this amount from the date of the payments to the date of settlement

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 1 September 2022.

Stephanie Mitchell  
**Ombudsman**