

## **The complaint**

Mr F complains that Revolut Ltd failed to refund a transaction he didn't recognise.

## **What happened**

Mr F had generated a virtual debit card for use with online transactions which was held within the Revolut app. Mr F used his phone to access the app. Whilst out shopping Mr F explained that he noticed a large payment had been made to an online merchant based overseas that he didn't recognise. The payment was made using the virtual debit card.

Mr F also noticed use of the virtual card to a UK website had been made just before the large transaction, but this was for £0.00 and was reverted. This type of transaction is referred to as a "ghost transaction".

Mr F contacted Revolut about the unrecognised transaction and asked them to investigate it and provide a refund. Mr F completed a request which he sent to Revolut.

Revolut looked into the transaction and decided they couldn't refund Mr F, nor could they proceed with a "Chargeback" request because they believed Mr F was responsible for authorising the transaction. A complaint was raised at the same time Mr F brought it to the Financial Ombudsman Service for an independent review.

Revolut investigated the complaint and maintained their position and declined to refund Mr F. His complaint was looked into by one of our investigators who asked for information from both of the parties. Mr F explained that he'd never used this merchant overseas and sent information that the website was no longer accessible. He said that he'd also never used the UK merchant responsible for the ghost transaction either. Mr F believed that Revolut had failed him because they had opportunity to stop the payment because it was in a "pending" state when he informed them about it. He also thought that Revolut should have done more to highlight these unusual payments on his account. Mr F explained how the UK merchant with the ghost transaction had confirmed the payment was fraudulent.

Revolut provided information about the transaction including how virtual cards worked. Our investigator considered that it was reasonable for Revolut to hold Mr F liable for the disputed transaction and didn't uphold his complaint.

Mr F disagreed with the outcome and asked for a further review of his complaint. Mr F believed that the reason for the disputed transactions may be the result of a "hack". He reiterated his earlier concerns about Revolut's performance when protecting his account.

Mr F's complaint has now been passed to me for a 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.

The relevant law surrounding authorisations are the Payment Service Regulations 2017. The basic position is that Revolut can hold Mr F liable for the disputed payments if the evidence suggests that it's more likely than not that he made them or authorised them.

Revolut can only refuse to refund unauthorised payments if it can prove Mr F authorised the transactions, but Revolut cannot say that the use of the virtual card details conclusively proves that the payments were authorised.

Unless Revolut can show that consent has been given, it has no authority to make the payment or to debit Mr F's account and any such transaction must be regarded as unauthorised. To start with, I've seen the bank's technical evidence for the disputed transaction. It shows that the transaction was authenticated using the payment tools issued to Mr F.

Because the transaction was properly authenticated by the payment tools issued to Mr F, I'm satisfied that Revolut had the appropriate instructions with which to carry out the payment. But, I'll need to consider if sufficient evidence has been provided to show that Mr F consented to the transactions.

Revolut have explained that the virtual card is a means to help protect from unauthorised use when used to make purchases online. The card details are generated and can only be used for one substantive transaction before automatically cancelling itself. The actual details are only available within the app of the user – here that's Mr F. Revolut staff are unable to see the complete number of the card. The disputed transaction was made using the details from the card that was then manually entered into the merchant's payment systems.

Mr F has confirmed that the phone he uses with the app has security to protect unauthorised access and the app requires additional security steps before being able to see the virtual card details. So, it's difficult to see how anyone else could obtain those details without access to the phone and information related to the security information needed to open the app. I appreciate Mr F has speculated that the details were obtained as the result of a "hack" on Revolut's systems, but I don't think that's the explanation here. Revolut investigated the use of Mr F's account and couldn't find any unauthorised access to it.

Because the virtual card has such restricted access to it and the details are only available in the app, I think it's more likely than not that Mr F was responsible for using those details as I can't see any other plausible way for the actual card details to be obtained.

Mr F was critical of how Revolut protected his account and thought the two uses of the card were unusual, including the amount of the substantive disputed transaction. Having looked at Mr F's account, he kept it funded using transfers from another account (which is a typical way for such accounts to be used) – and when the disputed transaction was made, there were funds available in it. I don't think the disputed transaction was particularly unusual as there had been an even larger purchase made less than a week earlier from the account. I also noted there were several similar ghost transactions on the account with different suppliers, so the appearance of another one doesn't stand out as unusual.

When Mr F notified Revolut about the disputed transaction, it was showing as "pending" and he thought it was possible to stop the payment. When "pending" appears it means the payment process has started and is still being processed. Unfortunately, it doesn't mean that it can be stopped at that point. Once the authorisation process is initiated (by using the virtual card details in a payment system), the payment cannot be interrupted. I realise Mr F thought Revolut failed to act on it, but they weren't able to do anything about it – even though it appeared to still be "pending".

*Chargeback*

Chargebacks are part of the payment processors system and it's not a right that can be insisted upon. But, we would expect a Chargeback request to be made if there was a reasonable chance of success. After looking into the circumstances, Revolut decided that they couldn't use it to challenge the payment on Mr F's behalf. I think it was reasonable for them not to use the Chargeback system based on their evaluation of the circumstances.

### **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 F to accept or reject my decision before 8 July 2022.

David Perry  
**Ombudsman**