

The complaint

Mr R complains that Revolut Ltd won't refund payments which he didn't make or otherwise authorise.

Mr R is being represented by a family member, Mr F, in his complaint.

What happened

The detailed background to this complaint is well known to both parties, so I won't repeat it again here. Instead, I'll provide an overview and focus on giving my reasons for my decision.

On 24 January 2022, Mr R's wife received a phone call from an individual who claimed to work for an online retailer who they had been experiencing issues with. The caller said they were going to arrange a refund and that this would need to be paid into a Revolut account.

Mr R was told to download a remote access software as well as the Revolut app, and then follow steps as instructed. A Revolut account was set up in Mr R's name and funds were paid into it from his account with another bank. Four faster payments totalling £2,596 were then made from his Revolut account.

Mr R says the caller opened the Revolut account and then carried out the transactions without his knowledge or consent. He's already been refunded some of the money from his other bank. The loss he's therefore holding Revolut liable for is £990.

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.

Having done so, I agree with the conclusions reached by the investigator for these reasons:

- The Payment Services Regulation 2017 (PSRs), which apply to transactions like the ones made from Mr R's account, set out when a customer should be held liable for transactions which happen on their account and when they shouldn't.
- The starting position is that a customer is liable for transactions they've authorised. The PSRs explain that authorisation depends on whether the payment transactions were authenticated correctly and whether the customer consented to them.
- In this instance, the disputed transactions were made through Revolut's app on Mr R's mobile phone. From the information I've seen, Mr R was using an iPhone at the time. Revolut's system logs show that the app was accessed from an iPhone using the iOS operating system. In other words, the phone wasn't '*jailbroken*' as it was using the manufacturer's operating system. I've done my own research into the remote access software Mr R says he downloaded, and the suppliers have confirmed that the software is limited in terms of its functionality on devices using the iOS operating system – it would have allowed a third party to see the information

displayed on Mr R's screen, but it wouldn't have allowed them to take control of his device.

- Given what I've noted above, as well as Mr R's recollection that the caller made him take different steps, I don't think it's plausible that someone other than Mr R could have set up the Revolut account and the associated security credentials. As these credentials were then used to make the transactions, I'm satisfied that the transactions were properly authenticated.
- Thinking about consent next, in the context of PSRs this isn't the same as 'informed' consent. If the customer uses the agreed form and procedure for making a payment order, then they've given consent. Revolut's terms and conditions set out the form and procedure for making payments to another account – the recipient's sort code and account number (or the IBAN for international payments) is needed. The terms state that Revolut may need to ask for other information as well. Given that Mr R would have needed to complete the agreed steps (i.e., entering the account details and the amount) on the Revolut app on his phone, under the PSRs he'd be considered to have consented to the transactions.
- As I'm satisfied that the transactions were authenticated correctly and that Mr R consented to them, they're considered authorised. I accept it's likely that he was tricked into doing so, but that's not a consideration under the PSRs in whether the payments were authorised. And that means that the starting position is that Mr R is liable for the payments.
- The Lending Standards Board's Contingent Reimbursement Model (CRM) code, which requires signatories to reimburse customers who are victims of scams in all but a limited number of circumstances, doesn't apply to Mr R's case. This is because Revolut isn't signed up to the CRM code. Notwithstanding, I've gone on to consider Revolut's responsibility to protect Mr R from the possibility of financial harm from fraud, as there are circumstances where it might be appropriate for an electronic money institution like Revolut to take additional steps or make additional checks before processing a payment. An example of this would be if a payment instruction is sufficiently unusual or uncharacteristic for the usual use of the account.
- In this case, Mr R didn't have an account with Revolut before the scam. He set it up as instructed and so there was no transaction history to compare the payments with. Given this, and the relatively low value of the individual amounts involved, I don't consider Revolut acted unfairly or unreasonably in allowing the payments to be made. Revolut did provide a warning at the time of the initial payment (it says this was because it was a new payee), but it seems that Mr R went ahead with it anyway. Having considered the individual circumstances of this case, I think that Revolut's warning was a proportionate intervention to the payment.
- I've then considered whether Revolut could have done more to recover Mr R's funds after it became aware of the scam. Payment service providers are expected to take reasonable steps to contact the beneficiary bank when they're notified of a scam. Looking at the in-app chat transcript, Mr R first contacted Revolut at 1:13pm, but it wasn't until 3:30pm that it was established he'd been scammed. I can't see that the beneficiary bank was contacted about a recall request until the following morning. I asked our investigator to find out the reason for this delay from Revolut, but it has yet to respond.

- I asked our investigator to contact the beneficiary bank to check whether an earlier contact from Revolut would have made any difference to the recovery of funds. The information we've received shows that the funds had already left the receiving account by the time Mr R reported the scam to Revolut. I don't find that surprising as it's common for fraudsters to move money from the receiving account as soon as it has been received to prevent it from being recalled. In the circumstances, even if Revolut had acted sooner, recovery would still have been unsuccessful.

In summary, I recognise that this will come as a considerable disappointment to Mr R. But in the circumstances, I'm not persuaded that Revolut can fairly or reasonably be held liable for his loss.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 21 March 2023.

Gagandeep Singh
Ombudsman