

## The complaint

Mr L complained because Revolut Ltd refused to refund him for transactions he said he didn't make.

## What happened

On 2 July 2022, Mr L contacted Revolut through in-app chat. He told Revolut that he and his wife had been robbed while abroad, and the thieves had taken their phones, wallets, bag and some personal items. His Revolut card had been among the items stolen, so after going to the police, Mr L logged in to his Revolut account to check it, and blocked the account. But there had already been several transactions which Mr L said he hadn't authorised, totalling 1393.61 Canadian dollars. Mr L waited a long time on chat for an adviser, and had difficulties when he did get through. He asked Revolut to raise a chargeback for the fraudulent transactions.

Mr L sent Revolut a copy of the police report, and completed Revolut's chargeback application forms on 7 July. On 26 July, Revolut told Mr L that it wasn't going to refund him. It said that it hadn't been able to find any traces of fraudulent activity on his account. But Revolut said that it appreciated the difficulties Mr L had had, and refunded his annual Premium subscription fee.

Mr L wasn't satisfied and contacted this service. He set out what had happened with the robbery, and said that he'd been trying to get Revolut to resolve the issue since the day it happened, but it had shown no sign of wanting to help, and had not been empathetic.

Our investigator didn't uphold Mr L's complaint. Mr L had told her that he hadn't written down, or stored, his PIN, and he hadn't shared it with anyone. He said he'd been careful to protect the PIN when entering it. As the last genuine transaction had been over an hour before the disputed transactions, the investigator thought it was unlikely that anyone had obtained Mr L's PIN by watching him enter it. There hadn't been any incorrect PIN attempts, so it was likely that whoever carried out the disputed transactions knew the PIN.

The investigator noted that Mr L had said his phone was secured using Face ID and a passcode, and no-one else had access to his Revolut app. The investigator also commented that the online banking records showed that Mr L regularly logged into his watch, and he'd enabled push notifications before the disputed transactions – so Mr L would have known what had happened immediately. As the disputed transactions had been authorised using Mr L's genuine card and PIN, the investigator couldn't establish how any third party could have known carried out the transactions. She thought it was likely Mr L had authorised the disputed transactions himself.

Mr L didn't accept this. He said that the thieves who had stolen his phone, had accessed it after Mr L had blocked it and deleted it from his iCloud account. Mr L had received social media notifications a few hours after he'd blocked and deleted the phone, saying that someone had accessed his accounts and had started using them using a different sort of phone from the one stolen from Mr L. Mr L also said that he didn't have a smart watch.

The investigator contacted Revolut. Revolut explained that the document it had sent us which referred to Mr L logging on using “watch” wasn’t a reference to a smart watch. “Watch” referred instead to a name which Revolut used for one of its feature which enabled customers to see multiple currencies to keep track of rates etc. So Mr L logging in to “watch” didn’t mean he’d been logging in using a smart watch.

The investigator apologised to Mr L about the misunderstanding about the “watch app.” But she said that there was still no plausible compromise for the PIN, which was how the disputed transactions had been carried out.

Mr L asked for an ombudsman’s 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.

There are regulations which govern disputed transactions. The relevant regulations for disputed transactions taking place in July 2022 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, and here, Revolut has provided computer evidence and shown that Mr L’s genuine card with its chip, and the correct PIN, were used. So the disputed payments were authenticated.

The regulations also say that it’s 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 they did authorise them. So I’ve considered whether or not it’s more likely than not that a third party, or Mr L himself, authorised the transactions.

I recognise that Mr L reported theft to the local police, and I’ve seen the translated police report which Mr L made, about having multiple items stolen while on the beach in front of a hotel. The key element in deciding who authorised the disputed transactions, however, is technical computer evidence. The disputed transactions were carried out using Mr L’s registered phone. And that was secured using biometric data – in other words, Mr L’s personal physical characteristics. I can’t see how a third party could have accessed Mr L’s account and carried out the transactions, even if they’d been in possession of the phone.

Technical evidence also shows that the authentication for the disputed transactions was done using Mr L’s correct PIN. Mr L said his PIN wasn’t written down, or stored anywhere. Revolut also told us that in order to see a card’s PIN code on the app, they’d have had successfully to sign in using biometric data, then carry out various processes including inputting Mr L’s Revolut passcode. Revolut provided us with technical evidence which shows that no-one accessed Mr L’s card’s PIN in this way. And in any case, the phone and the app were protected by Mr L’s biometric data.

So I can’t see how any third party can have carried out the disputed transactions. As I consider it’s more likely than not that Mr L carried out the transactions himself, I do not uphold Mr L’s complaint and do not require Revolut to refund him.

For completeness, I’ll also deal with another point which Mr L raised. He said that all Revolut had to do was to raise a chargeback to the credit card scheme for the disputed transactions, and the cost would then be covered by the card scheme’s insurance. He said he’d talked to other banks who had said they’d have reimbursed him, and Revolut seemed to be the only one who wouldn’t help, even though it wouldn’t have been the one paying for the charges.

But it isn't just a matter of Revolut forwarding Mr L's claim to the credit card scheme, and their insurers automatically picking up the cost. A chargeback is the process by which settlement disputes are resolved between a card issuer (here, Revolut) and merchants (the businesses to which the customer made the card payment) under the relevant card scheme. It can also be used to try to resolve some settlement disputes, without needing to resort to more formal resolution like court action. Examples would be if goods never arrived; or goods were faulty; or if a merchant processed a payment twice. The card issuer looks at the list of potential reasons under the chargeback scheme, to assess whether a successful claim is likely. Card issuers don't have to raise a chargeback. It's a voluntary scheme, and the card issuer would normally take into account whether there's any reasonable prospect of success – because chargebacks aren't always successful. Given the circumstances here, with no clear way in which anyone other than Mr L could have authorised the disputed transactions, I don't consider Revolut had to raise a chargeback when it considered there was no reasonable prospect of success.

Finally, I can see that Mr L did have difficulties when he reported the incident to Revolut. For example, it was more than four hours into the chat before an advisor started to take full details of the disputed transactions, and I can see that Mr L wasn't happy about subsequent service either. In Revolut's final response did, however, refund him for his annual Premium Subscription fee, which I find was fair and reasonable in all the circumstances of this complaint.

### **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 L to accept or reject my decision before 9 January 2023.

Belinda Knight  
**Ombudsman**