

The complaint

Mr C complained because Revolut Ltd refused to refund him for transactions which he said he didn't authorise.

What happened

On 15 August 2022, there were three debits from Mr C's account, for a total of £7,540.

Mr C logged in on 17 August, when the account balance was €0.71. He said he knew there was nearly €9,000 in the account, and he'd paid in €1,000 on 4 August. He contacted Revolut.

Revolut asked a number of questions, including whether his phone and / or Revolut card had been lost or stolen, and how he logged into his Revolut app.

Mr C told Revolut that his Revolut card wasn't missing, but he'd lost his phone on 22 July. The phone was secured with Face ID or passcode, with the phone asking for the passcode if it didn't recognise the face. He said his Revolut app was secured with a PIN. He said he'd tried to recover it using a finding app, but it couldn't be tracked because the phone was turned off. He put the phone into Lost Mode and reported this to his insurance on 26 July, and received a replacement phone two days later.

Mr C said that on 5 August he'd received a text saying the phone was now on, and asking him to log on using his phone passcode and Cloud password. Mr C said he entered these, but the screen went blank. He contacted his phone supplier, which said the text had probably been a scam, and Mr C should change his passcode and passwords straightaway, which he did. He hadn't received any other suspicious calls.

Revolut told Mr C to change his in-app passcode, and his email password, and said it would investigate.

The next morning, Mr C had a message from Revolut. It said it had reviewed Mr C's case, and wouldn't be reimbursing him. It said that its protections had been in place, and both phone and Revolut app has also been protected, and Revolut had found no signs of fraudulent activity.

Mr C complained. In Revolut's final response to Mr C's complaint, it said it had escalated the matter to its fraud team. The fraud team had checked and had found no signs of account takeover. So Revolut said it wasn't liable for the three payments.

Mr C said he couldn't understand how Revolut had decided that no fraud had been committed. He said that one way to prove it was to check which device was logged in at the time the payments had been made – and he said it had to be another device than his phone. Mr C said Revolut had been negligent, and since he'd opened the account he'd only paid money in which he'd then transferred to euros. So he had no reason to transfer back to pounds, which should have been a red flag. He said this was his entire saving and it had been stolen, and he didn't accept there was nothing that could be done.

Mr C contacted this service.

Our investigator didn't uphold Mr C's complaint. She said that because Mr C had put the phone into Lost Mode on 26 July, she didn't think anyone other than Mr C could have accessed the phone after that. She also thought the timescales made it unlikely that a fraudster had made the transactions. She thought it was more likely than not that Mr C had authorised the transactions himself.

Mr C didn't agree. He said the investigator was basically saying he'd approved the transactions, using a phone he no longer had. He said there was clear evidence to prove he didn't have the lost phone. He also said he'd found three emails from Revolut in his deleted folder, which he hadn't deleted – which he said proved that someone else had had access to his emails on 28 July and 1 August.

Mr C also sent further comments. He said that the three transactions had been completed in a short space of time, and Revolut's systems should have flagged this and frozen the account. He said that as it was a new payee, he should have been sent an email or text to make sure he'd genuinely set up the payee – and this hadn't happened. Mr C also said that Revolut had proof that it was the old phone which had logged in on 12 August, then made the payments on 15 August. He hadn't had the phone since 22 July, so he hadn't made the payments. Mr C suggested that the money should be traced to where it went, so Revolut could find the person that had stolen his money. Mr C said that he was the victim, not the fraudster, and the money was savings for his wedding. He said they'd been paying for things in euros using the Revolut card, and wouldn't have transferred it back into sterling. Mr C said he worked long hours and didn't want the hassle and stress, or to be accused of making it up.

Mr C 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 2022 are the Payment Services Regulations 2017. 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.

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*."

The technical evidence shows that Mr C's old phone was used to log into his Revolut account on 12 August. It was the old phone which logged in again on 15 August, and made the three disputed transactions.

I recognise that Mr C says he lost his old phone on 22 July, and put the phone into Lost Mode on 26 July. He's also provided a copy of a very short message from his phone supplier, which says that the replacement device Mr C had ordered was on its way.

But as Mr C had put the phone into Lost Mode on 26 July, I don't think anyone else could have used it after then. Lost Mode locks the device to protect the owner's personal information.

Mr C said that he had phishing messages on 5 August, and he entered his old phone's passcode and his password. But I don't think this would have been enough to enable a fraudster to access Mr C's Cloud account. When accessing Cloud from a new device, the user would have had to enter a verification code, which a fraudster couldn't have received.

I've also taken the timescales into account. If a third party fraudster obtained Mr C's phone on or around 22 July, I don't consider it's likely that they'd have waited until 5 August before attempting a phishing call. And even if the information Mr C entered had provided a fraudster with sufficient information to enable them to access the account – and as I've explained I don't think this was enough – it's most unlikely a fraudster would then have waited even longer before carrying out the disputed transactions. The technical evidence shows that the old phone was logged into on 12 August – but no transactions were made. This isn't what a fraudster would do. Instead, whoever logged in waited until 15 August before carrying out the disputed transactions, having theoretically had the phone since 22 July.

I've also borne in mind that, as I've set out above, the relevant Regulations say account holders can still be liable for unauthorised payments if they've failed to keep their details secure to such an extent that it can be termed "*gross negligence*." Here, Mr C told Revolut that he "*stupidly*" (in his words) clicked a link and provided some of his security information to a phishing text. I don't think this alone would have been enough for any third party fraudster to have been able to access Mr C's Revolut account. But the fact that Mr C didn't keep his details secure, means that Revolut considered he'd acted negligently in the terms of the relevant Regulations.

Finally, I recognise that Mr C says that Revolut should have stopped the transactions as atypical behaviour, and that it should have traced the recipient of the funds. But the transactions were fully authenticated so I don't consider it had any duty to stop them. And I consider that there was significant evidence to indicate that the transactions hadn't been made by a third party fraudster, so I don't agree that there was any obligation on Revolut to try to trace the recipient.

Taking all the evidence into account, I consider it's most likely that Mr C carried out the disputed transactions himself. So 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 C to accept or reject my decision before 18 February 2023.

Belinda Knight
Ombudsman