The complaint

Mr B complained because Revolut Ltd refused to refund him for eight transactions totalling £42,482.27. He said they'd been made when his drink had been spiked when he was out, and he had no recollection of the night.

What happened

On 7 April 2022, Mr B contacted Revolut by chat. He said there were a lot of transactions on his account which he hadn't authorised. He told Revolut that someone had gained access to his bank account, and had sent a large sum of money from there to his Revolut account. They'd then made payments from his Revolut account, and Mr B said he wanted these cancelled.

Revolut blocked Mr B's card, and said that the payments were currently still pending, and he should get in touch again if the transactions went through. Revolut sent Mr B its chargeback form, with instructions how to complete it.

Mr B submitted the form, and Revolut asked him for an account of the events that led to the transactions being made.

Mr B said he'd been in a bar until 1am, having a few drinks which he believed had been spiked. He had no recollection of leaving the bar, and had woken up in a different part of the city at 11am. Mr B told Revolut that his bank had told him the transfer from his bank account to Revolut had been made using face ID. He said that his bank had stopped the transactions after one, whereas Revolut had allowed more. Mr B disputed eight transactions from his Revolut account to a number of different recipients, totalling £42,482.27.

On 27 April, Revolut told Mr B that the review had been completed, and the funds had been reinstated in Mr B's account.

On 4 May, Revolut asked Mr B for the police report, and also asked whether he'd opened a complaint with his bank, and if so what the outcome had been. Mr B said his bank was still reviewing disputed transactions on Mr B's bank debit card, but had said it wouldn't be refunding the money which had been transferred from his bank to his Revolut account. Revolut also asked about progress with the police report.

In early June, Mr B asked why there was a further review, because he'd been told the review had been completed. He didn't get a response and on 16 June he complained.

On 20 July, Revolut issued its final response to Mr B's complaint. It apologised for the long delays in the chat messages. But it said that it had been able to verify that the transactions had been authorised at the point of sale with the physical use of the card with its chip, and Mr B's PIN. So it wasn't a valid chargeback and Revolut had rejected the claim. Revolut paid Mr B £200 compensation in recognition of the inconvenience he'd received from its miscommunication.

Mr B wasn't satisfied and contacted this service. He said Revolut hadn't explained why they'd refunded him, but had then taken until July to conclude it couldn't refund him because the transactions had been authorised. He said the card transactions were card present transactions in different parts of the world, and as Revolut hadn't explained why they'd allowed these in different locations, he didn't believe it had robust controls in place to keep his money safe. He said his average transactions were lower, and the £200 compensation didn't cover the £42,482.27 which had left his account. Mr said he wanted a refund, plus 10% of the disputed amount as compensation.

Our investigator didn't uphold Mr B's complaint. She said she'd seen technical evidence to show Mr B's card and PIN had been used to make the transactions. As they'd been funded by a transfer into Mr B's account from his bank account, any fraudster would have needed access to Mr B's online banking with both his bank and with Revolut. Mr B had said his apps were protected by face ID, and a passcode to which no-one else had access. She said the evidence suggested that Mr B had authorised the transactions. The investigator also thought £200 was fair and reasonable compensation for the inconvenience Revolut caused Mr B.

Mr B didn't agree.
- He said that the card transactions had been card present transactions in different parts of the world and he wouldn't have been able to travel to them all. He said that the card scheme rules say that there must be a correct address for wherever a merchant does business;
- Two transactions had subsequently been refunded, which Mr B said was because they'd been unauthorised. So he said the others should be refunded too;
- Mr B asked what evidence there was that chip and pin had been used, other than an electronic footprint which he said could be circumvented by a point of sale terminal;
- He said he'd only had nine previous card-present transactions since he'd opened the account in December 2019. So Revolut should have realised the disputed transactions had been a fraud, account takeover, or money laundering. Mr B said the card scheme rules said that card issuers such as Revolut had to monitor suspicious transactions, but it hadn't done so.

The investigator answered Mr B's comments, but Mr B said it didn't show that Revolut had taken the necessary steps to keep his account and money safe. He said that if Revolut had blocked the transactions, there wouldn't have been any loss. He 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.

Regulations

There are regulations which govern disputed transactions, and the relevant regulations here 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.

A payment service provider can choose to use a chargeback as one way of dealing with a dispute of this nature, but ultimately it's the requirements of the Payment Services Regulations, not the individual chargeback scheme rules, which are key to the outcome here.

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.''*

So what I have to decide is whether it's more likely than not that Mr B authorised the transactions himself, or some third party did so without his authorisation.

Who authorised the transactions?

I've looked at the technical evidence. This shows that each one of the disputed transactions was authenticated using the genuine card and Mr B's correct PIN.

I don't agree with Mr B's statement that electronic records which indicate that a payment has been carried out by Chip and PIN, can easily be circumvented at the merchant's terminal. The technology is very advanced and there has never been a known instance of a chip being duplicated or faked. And in any case the multiple retailers who took payments in this case would have no reason to try to fake the records.

The technical evidence also shows that Mr B's Revolut app was accessed via Face ID, and passcode, on numerous occasions while the disputed transactions were being carried out. So Mr B's unique personal biometric authentication and the correct passcode, were successfully entered multiple times.

Mr B told Revolut that the transactions which had come from his bank, had also been carried out using Face ID.

I recognise that Mr B told Revolut he remembered nothing about the relevant time because he believed his drink had been spiked. But I think it's very unlikely that in these circumstances, his unique personal biometric Face ID could have been successfully used. A third party's face wouldn't have been accepted by the system, and if Mr B were unconscious as a result of being drugged, it's very unlikely that it would have recognised his face either. I've seen no failed log-in attempts on the technical evidence, just multiple successful log-ins. I'd expect there to have been lots of failed attempts if Mr B were unconscious with his eyes closed.

Also, Mr B's correct passcode was used, and unless Mr B had failed to keep this secure by telling someone this code, or writing it down, it's unlikely that any third party fraudster could have known this. There are 10,000 possible combinations of a four-digit code, so it couldn't have been guessed. If Mr B had written it down, this is likely to be gross negligence under the Regulations.

Mr B also said that he couldn't have authorised the eight transactions in person himself, because the transactions were ''card present'' in different parts of the world. But the recorded head office for a recipient organisation isn't necessarily the same as the location where the transaction took place, so I'm not persuaded by this argument.

Taking the technical evidence into account, I think it's more likely than not that Mr B authorised the transactions himself.

Mr B's further points

I've dealt with most of Mr B's points above, but there are a couple of others in his response to the investigator's view, which I'll deal with here.

- It doesn't make any difference that two transactions were subsequently refunded. There's no evidence to indicate that Mr B is correct when he says that the reason they were refunded was that the card scheme agreed that Mr B hadn't authorised them. In any case, as I've set out above, what matters in reaching my decision is whether I think it's more likely than not that Mr B authorised the payments himself. For the reasons above, I've found that it's more likely than not that he did.

- Mr B said he'd only had nine previous card-present transactions since he'd opened the account in December 2019, so Revolut should have realised the transactions had been fraudulent and should have prevented them. I wouldn't expect Revolut to have intervened solely on the basis of whether the transactions were card-present or not. Banks have an obligation to process the payments its customers authorise it to make. There's a balance between intervening to prevent fraud, and the risk of unnecessarily inconveniencing or delaying legitimate transactions. I would expect a bank's systems to take into account whether transactions were out of character and unusual. This uses a range of features, and as a security issue the exact algorithm wouldn't be made public. But I'd expect it to include, for instance, whether the amount of the payments was out of character and unusual. So I looked at the transaction history on Mr B's Revolut account. There are many transactions of similar, or considerably larger, transactions on his account. So I can't say that I think the eight transactions totalling £42,482.27 were out of character or unusual for Mr B's account.

Revolut's customer service

The chat messages show that on 27 April, Revolut told Mr B that its review had been completed, and the funds had been reinstated in Mr B's account. Despite this, it then started asking more questions from 4 May onwards. In early June, Mr B asked why there was a further review when he'd been told it had been completed, and he didn't get an answer and complained on 16 June. He didn't get a reply until 20 July.

Revolut's reply to Mr B's complaint was within the eight weeks allowed for a complaint response. But I find that it was misleading that Revolut credited Mr B's account with the disputed amounts on 27 April and didn't tell him that this was a temporary credit until it had completed its review. The normal chargeback process is to tell a customer a temporary credit has been given, which will be taken back if the review outcome isn't in the customer's favour. But here, Revolut told Mr B that it had completed its review. Revolut was entitled to review the transactions further, but it would have been disappointing for Mr B to have believed the matter had been concluded in his favour, when it hadn't. So I consider that Revolut should pay Mr B some compensation for this loss of expectations. I find that £200 is fair and reasonable for this. Revolut has already paid Mr B £200 so there is no more to pay.

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 B to accept or reject my decision before 22 June 2023.

Belinda Knight
Ombudsman