

The complaint

N, a limited company, complains that Revolut Ltd won't refund payments it disputes making from its account.

What happened

N is represented by its director. He says that payments of over £9,700 made on 26 January 2023 weren't authorised. He is unhappy that Revolut won't refund these as they were made using a new device and at a different location to where he was. He had contacted Revolut, and it blocked the wrong card which allowed further payments to go through.

Revolut said in its final response that it hadn't made a mistake as it hadn't found fraudulent activity on the account. The payments had been made using the card in a mobile phone payment wallet on a new device. To set this up required a code that had been sent to the existing mobile number registered on the account and input. And payments would have then been made using security information on the new phone and didn't need any further code from the app. But Revolut accepted that it had blocked use of N's account from 28 to 31 January 2023 when the account hadn't been taken over. And so, it paid N £75 in compensation. When it submitted its business file it offered to pay N half of the two payments that had occurred after N had reported what happened which was £1,051.96. It said that N had a responsibility to keep its security information safe and could have blocked the card in the app itself.

Our investigator recommended that Revolut refund the last two payments in full which came to £2,103.92 and it agreed to do so. She said that N had provided a copy of the text with the one-time code needed to set up the card for payment on a new device. This had been received on 25 January 2023. So, there was no evidence of a sim swap and no point of compromise for the code. The director of N said he hadn't downloaded any suspicious apps or links or responded to any calls. She was unable to identify how an unknown third party had been able to discover the code and then use the new device to make payments in another city unless the code had been shared by N. So, she found that N was fairly responsible for the payments until the point it had alerted Revolut to what had happened. It was down to Revolut's error in blocking the wrong card that the last two payments had gone through. She explained to N that an earlier card payment of £35.99 that had already been refunded through chargeback was distinct as it was made online.

N didn't agree and wanted the complaint to be reviewed. The director said that he wanted all the payments to be refunded. This loss was having a significant effect on N. And none of these payments were authorised.

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.

I need to take into account the Payment Services Regulations 2017 in considering this complaint. These state that a payment can only be authorised if it was consented to. So, it's

not enough for it to be authenticated, say with card details. And if they weren't authorised N wouldn't generally be responsible for them.

So, I will be thinking about the following areas in looking at this complaint:

- What is the most likely explanation of what happened to the card details and security information used for these payments?
- Did N either authorise the payments on the account, or allow someone else to use the card as Revolut says?
- Did Revolut act reasonably?

As has been set out the disputed payments were made using N's card details stored in a mobile phone payment wallet. I've seen that a code with a text message was sent to N on 25 January 2023 at 11.57. This explained that it would be used to set up another device. And that it shouldn't be shared with anyone else. That code was used. I note that the first disputed payment came the following afternoon. Revolut has explained that as this was a contactless payment and verified with security information on the phone, there was no need for it to confirm the payments further with N. I'm satisfied that the payments were authenticated.

I need to decide if N consented to them. I note that the director explains that he had already for example disputed a card payment for £35.99 made on 23 January 2023. That was made online. Revolut said it was possible to raise a chargeback for this payment which was successful, and it was refunded. This indicates that the card details for N had been somehow discovered some time earlier. The disputed payments here though didn't start until three days later and a day after the code had been sent to set up a new device. The first payment was for £6,990 in a department store and indicated that the person making it was confident that the card details were active and that there were substantial funds in the account. There is no information to suggest that access to the app itself had been compromised. The nature of the payments was consistent with as much money being taken from the account as quickly as possible. The director received a notification and began an online chat with Revolut while more payments were being made. I note that there didn't seem to be further attempts at payment after the card was successfully blocked and even though there seemed to be funds remaining in the account.

I won't be able to say *exactly* what happened but I'm thinking about what is *most likely*. The issue here is that there is no identified compromise of the required security details, and the director is clear that he didn't provide anyone with the code. And he says he didn't even see it until 27 January 2023 when asked about it. I don't have a likely explanation of how an unknown third party could have seen this by accessing the phone and especially when the payments using that device took place in another city. And so that leaves the most likely explanation to be that N consented to the card being used in another device. Such authority once given couldn't say be limited to any particular amount.

Revolut was alerted to spending on the card that N said was fraudulent. It told the director that it had blocked the card. I think he could fairly rely on that for N as a means of stopping further payments even if as Revolut says it was possible for N to block the card itself and it had concerns about whether security information had been disclosed. So, I consider that our investigator's recommendation that these last two payments be refunded now and as accepted by Revolut to be a reasonable one. I can appreciate that N wants all the payments refunded but for the reasons I've given I won't be requiring Revolut to do that. I note the other compensation of £75 it has already paid to N which seemed fair. If N doesn't accept my assessment it remains free to pursue this matter in court subject to any relevant timescales.

My final decision

My decision is that I uphold this complaint in part, and I require Revolut Ltd to refund to N the two payments that total £2,103.92.

Under the rules of the Financial Ombudsman Service, I'm required to ask N to accept or reject my decision before 16 August 2023.

Michael Crewe
Ombudsman