

The complaint

Ms T is unhappy that Revolut Ltd is holding her liable for a number of transactions made on her account which she says weren't made by her, and were the result of a scam.

What happened

Ms T says she was approached by an individual who she believed was helping her obtain a £15,000 government grant, and with her finances more widely. In her initial submissions to us (sent via a professional representative), she says she had to provide personal details to the individual as part of this process, which they used to send money internationally from her Revolut account without her knowledge. The payments occurred between October 2021 to January 2022.

When Ms T realised it was a scam, she disputed the payments with Revolut. It started the process of raising a chargeback claim for the payments she reported – all of which went to the same merchant (M). But M was able to show it had provided the expected service by transferring the funds in line with the requests it received.

Ms T complained but Revolut didn't agree to refund her. So she referred her complaint to our service. Our investigator didn't uphold her complaint. He couldn't establish how the scammer got the details needed to make these payments – which were authorised in the Revolut app – and thought it had acted fairly when considering the chargeback claim.

Unhappy with this response, Ms T appealed the investigator's findings. She said the account activity should have concerned Revolut. And if it had asked her about the payments, it would have realised she was being scammed. She also said she had no reason to doubt the intentions of the scammer. And maintained that she didn't share any payment information.

The case was passed to me to decide. I asked Ms T for further details about the scam and her account activity during this time, which she provided. I then issued my provisional decision in July 2023, explaining why I wasn't minded to uphold the complaint.

I asked both parties to provide further comments and evidence. Revolut has confirmed it has nothing further to add. Ms T has responded to reiterate that she would like a refund but hasn't provided any further comments, aside from confirming that she has read my 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.

While I appreciate Ms T has reiterated that she would like a refund, she hasn't provided any further reasons why. Nor has she disputed or commented on any of the reasons I gave in my provisional decision to explain why I wasn't minded to uphold the complaint.

As I haven't received anything new to consider from either Ms T or Revolut, I've decided not to uphold the complaint for the following reasons – which are the same as the reasons I gave in my provisional decision.

Did Ms T authorise these payments?

In line with the Payment Services Regulations 2017 (PSRs), the starting position is that Ms T is liable for payments she authorises. The PSRs specify that authorisation depends on whether the payment transactions were authenticated correctly – and whether the account holder consented to them.

It seems to be agreed that the disputed payment was properly authenticated. This was done using Ms T's card details, but also 3DS security in her app. Whether Ms T also consented to them depends on whether she completed the agreed steps to make the payment. Or if someone else acted on her behalf (an agent) and used those agreed steps.

Agency can be created not only by the bounds of the actual authority granted by the principle. But also by the acts of the agent which appear to have been made with the principle's authority.

Ms T says she didn't make these payments and didn't share any details to allow someone else to do them. In her original submissions, she also said she wasn't aware of the funds being sent. But the records she has provided of her contact with the scammer show they discussed the payments being made. Yet she didn't dispute them with Revolut at the time.

The records she's provided also show the funds were sent via an account she holds with M. I can see she has access to this account, as she has provided records of her contact with M. While she provided a screenshot from after the scam showing her disputing the payments with M. But then immediately after, in the chat, she told M to "leave it" as it was a mistake by her boyfriend.

I asked Ms T about this interaction. She says her boyfriend didn't make the payments, nor did she. But she hasn't explained why she said what she did to M. Ms T also maintained use of her Revolut account during this period. And there are instances where she, or someone using her account, contacted Revolut about these payments. For example, two payments were sent to M on 14 October 2021. Via in-app chat, Ms T says "I have sent 57 pounds to [M] can I get a refund back". So it appears she told Revolut at the time that she had made that payment.

When Revolut asked her for further details, Ms T didn't explain why she wanted a refund for that amount. And notably she was requesting a refund of only one of the two payments on that date which she is now disputing. She was also able to name the individual who the chargeback information shows was the recipient of all the disputed transfers made via M. And Ms T has also confirmed this is someone known to her, who is linked to the scammer and her ex-boyfriend.

I think Ms T has been tricked in some way. But on balance, I think the payments were either made by her, or someone she shared her card details and other security information with. While she may not have been aware in advance of some of the payments, I think they would still fall under apparent authority – as she was aware, over a period of months, of the payments being made. And she took no steps to revoke the authority created for someone else to make these payments from her account – such as by ordering a new card, changing her PIN or other security details, or reporting the matter to Revolut. And so my starting position is that it's fair for Revolut to hold Ms T liable for these payments.

Is there another reason why Ms T shouldn't be held liable for the payments?

As explained above, customers are generally liable for authorised payments. But there are some situations where we believe that firms—taking into account relevant rules, codes and best practice—ought to have identified a fraud risk, so should have looked at the wider circumstances surrounding the transaction before making the payment.

I've considered if Revolut ought to have identified a fraud risk when these payments were made. I'm not persuaded it should have. The payments were spread out over a period of months, so that over time M came to appear a regular and expected payee. The size of the payments didn't appear out of line with Ms T's usual spending.

I therefore consider it reasonable that Revolut processed the payment instructions it received, in line with its duty to promptly execute authorised payments without undue delay. That's not to say that Ms T wasn't the victim of a scam. It's just that Revolut had no reason to suspect that was happening at the time – so isn't liable for her loss.

As our investigator has explained, I'd also reiterate that the Lending Standards Board's Contingent Reimbursement Model (CRM) code, which Ms T's (former) representative referred to, doesn't apply here as Revolut isn't a signatory. Even if it was, the code doesn't cover scam payments made by card (as these were).

Could Revolut have recovered Ms T's loss?

When Ms T first informed Revolut of her dispute, it did start the process of raising a chargeback claim for the payments she flagged at that time. Chargebacks are a voluntary scheme, set by the card-scheme provider rather than the account provider. Revolut wasn't obliged to raise a chargeback claim but we'd consider it good practice to do so if the claim was likely to succeed.

Chargeback claims can only be raised about the merchant paid directly – in this case, M. And there has to be sufficient evidence to show that a valid claim reason has been met, which would normally mean there would need to be evidence that the merchant didn't provide the expected service.

The merchant here, M, operated a money transfer service. In response to the claim, it successfully demonstrated it provided that service here by loading the funds to the account Ms T held with them, and then transferring them on in line with the requests it received. This is enough to show a claim wouldn't succeed. So Revolut had no obligation to pursue the matter further.

I appreciate this is disappointing for Ms T. But for the reasons explained, I'm not persuaded Revolut made any errors which caused her a loss. I'm therefore not upholding this complaint.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms T to accept or reject my decision before 1 September 2023.

Rachel Loughlin
Ombudsman