

## **The complaint**

Mr M complains Revolut Ltd (Revolut) is holding him liable for payments he didn't authorise.

## **What happened**

The details of this complaint are well-known to both parties, so I won't repeat them all again here. But I've summarised the key events to given context to my decision.

In April 2023, Mr M was on holiday with a friend. They went to a bar, "N", and Mr M used his Revolut card to make four payments. They were all between €10 and €50 and took place over a period of around 40 minutes. Mr M says he and his friend left the venue around 20 minutes after the fourth payment and went on to the bar at their hotel – where he used a different card to pay.

The next morning, Mr M says he realised he no longer had his Revolut card, and saw further payments had been taken by N which he didn't recognise. These were taken around 40 minutes after the last undisputed payment to N. The charges – taken within around one minute of each other – were for €50, €25 and €50 respectively.

Mr M contacted Revolut to dispute the charges and report his lost card. Revolut wouldn't refund him. It says he initially disputed nine charges – all the payments to N, plus two others from around the same time to different merchants. It also says the card was physically present for the transactions, and it doesn't think the disputed use appears consistent with typical fraud patterns.

Unhappy with Revolut's response, Mr M referred the matter to our service. Our investigator thought Revolut had acted fairly – but Mr M has appealed. He says the investigator misunderstood and thought he was disputing all nine payments, but it's only the last three he is disputing. He has also explained that, while the investigator questioned how he had been able to continue making payments from his Revolut account during the holiday, those were made with a virtual card – not the physical one used to make the disputed payments.

## **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.

Having done so, I've decided not to uphold it. I'll explain why.

The relevant regulations here are the Payment Services Regulations 2017 (the PSRs). Broadly, under the PSRs, Revolut would generally be liable for payments taken from Mr M's account which he didn't authorise. Whereas Mr M would generally be liable for payments he authorises.

There are some circumstances in which Revolut can raise a chargeback claim to recoup the payments from the merchant. But the chargeback scheme is voluntary, and is ultimately decided by the card scheme provider (Mastercard) rather than Revolut, in line with the

scheme rules. Revolut isn't obliged to put forward a chargeback. Regardless, the principle remains that Mr M would likely be due a refund if the payments were unauthorised.

Revolut is holding Mr M liable as it thinks he authorised the disputed payments. So, what I'm considering is whether it's fair and reasonable for Revolut to hold Mr M liable - or whether it has likely done so in error.

Authorisation has a particular meaning under the PSRs. A payment is authorised when the account holder (or someone acting with their authority) completes the agreed 'form and procedure' to make a payment. In practical terms, that means if the account holder taps their card on a payment terminal, the payment taken would be authorised. That's the case even if the account holder was tricked about the payment – such as what they were paying for or how much they were being charged.

Similarly, if the account holder lets a third party use their card, and that third party taps the card on a payment terminal, again the payment would be considered authorised. That applies even if the third party used the card in a way that went beyond what was *actually* agreed.

In applying these considerations, I'm conscious there are some details about what happened here that aren't completely clear. So, I must use the information I do have (including Mr M's recollections) to decide what is more likely to have happened on the balance of probabilities.

I don't doubt Mr M has provided an honest recollection of what happened from his perspective. But overall, there are some factors here which make it seem less likely the payments were unauthorised.

To start, it does seem risky that if someone was using the card without Mr M's permission that they would use it at the same venue they stole it from (or found it at). From their perspective, Mr M might have still been there - or at least would likely still have been close by.

It also seems strange the card would only have been used to make the three disputed payments – all in quick succession, and only shortly after Mr M had last used it. The card wasn't blocked until the next day. So if it had been stolen, it does seem unusual there were no further payments taken or attempted after that point.

I understand Mr M's point that the quick succession of payments – within a minute or so, to the same merchant – does look a bit unusual. But I've not found anything online which suggests the venue has a reputation for similar instances, which makes me think it probably wasn't complicit in fraud. So, I don't think the timings shed much light on whether the payments were authorised or not.

I'm also conscious that, particularly if taken individually, the disputed payments are similar to some of the earlier payments to the venue which Mr M has confirmed he authorised. Furthermore, there has been some confusion on Mr M's part around what happened – such as initially disputing the other payments. It also seems a bit unusual that he switched cards later than evening, despite starting out using his Revolut card and having money left on it.

Overall, I accept Mr M doesn't recall making these payments (or allowing someone else to). But weighing everything up, I'm not persuaded it would be fair to direct Revolut to refund him.

**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 Mr M to accept or reject my decision before 30 May 2024.

Rachel Loughlin  
**Ombudsman**