

## **The complaint**

Mr H complains that Revolut Limited ('Revolut') won't reimburse a scam transaction he says he didn't authorise.

## **What happened**

Mr H says that he was setting up a shop on an online marketplace for the first time. He received a message on the marketplace's dashboard saying it was implementing a verification process. The message included a link to follow to complete the procedure. Mr H opened the link and provided details of his Revolut account but says he didn't approve a payment.

Later that day, Mr H saw a card payment of £600 from his Revolut account to a money transfer service. Mr H reported what had happened to Revolut on the day the transaction was made.

Revolut didn't agree to reimburse Mr H. It said the transaction was 3DS approved and it couldn't find any sign of fraudulent activity on Mr H's account.

Mr H was unhappy with Revolut's response and brought a complaint to this service. He says the payment is unauthorised and Revolut should refund it.

### *Our investigation so far*

The investigator who considered this complaint didn't recommend that it be upheld. He said the evidence pointed to the transaction being authorised by Mr H, so the starting point was that he was liable for it. The investigator went on to say that Revolut had no reason to be concerned that Mr H might be falling victim to a scam at the time the payment was made, so acted reasonably in processing it. And, as the payment went to a money transfer company which provided the expected service, a chargeback claim wouldn't be successful.

Mr H didn't agree with the investigator's findings and asked for a decision, so his complaint has been passed to me. He said that if Revolut was trying to get a banking license it should be able to demonstrate that it can comply with required codes, including the voluntary APP code.

## **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.

In deciding what's fair and reasonable, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

Under the Payment Services Regulations 2017 (PSRs), Revolut is expected to execute authorised payment instructions without undue delay. So if Mr H authorised a payment, he would generally be liable for it. But if a payment was taken from his account which he didn't authorise, Revolut would generally be expected to refund him.

### *Authorisation*

Broadly, under the regulations, whether a payment is authorised comes down to whether Mr H – or someone acting on his behalf – completed the agreed steps to make a payment. These steps include entering the card details on the merchant's website and completing "3DS" authentication (which generally involves accessing the app, or entering a code sent by text or email), or entering payee details and a payment amount in the Revolut app.

Here, Mr H says he didn't authorise the disputed payments – but Revolut thinks he did. I need to decide what's more likely to have happened on the balance of probabilities.

I can see that before the £600 transaction Mr H topped up his Revolut account with the same amount. It seems unlikely that Mr H would top his account up with this amount minutes before the disputed transaction if he didn't know he was making a payment.

I've also been provided with evidence to demonstrate that the £600 transaction was 3DS approved. Revolut has explained that this means a pop up will have appeared on the merchant's site asking for the transaction to be verified. Mr H would then have received a push notification in his Revolut app asking him to approve the payment. Without his approval, either by entering his passcode or biometric authentication, the payment could not have been made. And Mr H's mobile device was the only one that accessed his Revolut app. In the circumstances, I consider it to be more likely than not that Mr H authorised the transaction, albeit that he didn't know at the time his funds would end up in the hands of a scammer.

### *Did Revolut act reasonably when the payment was made?*

I believe the voluntary APP code Mr H has referred to is the Lending Standards Board's Contingent Reimbursement Model Code. As Revolut hasn't signed up to this code, I'm unable to consider its provisions here.

But I'd expect Revolut to monitor Mr H's account and to have systems in place to look out for unusual or out of character transactions that might indicate a customer is at risk of fraud. But in this case the transaction was low in value and in line with the usual activity on Mr H's account. So I don't consider Revolut ought reasonably to have had any concerns or taken any additional steps before processing it.

I'm not persuaded it would be fair to expect Revolut to stop the first transaction on the online marketplace's site as Mr H suggests given the high volume of genuine transactions that take place and the disruption this would cause to those payment journeys.

### *Chargeback*

Finally, I've considered whether Revolut could have recovered Mr H's lost funds.

Chargeback is a process that allows debit and credit card holders to reverse a transaction when there's a problem with the goods or services they have purchased. It is organised and run through the overarching card scheme (Visa and Mastercard predominantly) but customers wishing to use the service must go through their card issuer (Revolut in this case). The chargeback scheme is voluntary, and banks are not under any formal obligation to submit a chargeback claim. But this service's view is that it is good practice for a bank to make a chargeback claim where the right exists and there is a reasonable prospect of success.

But in this case, I don't think a chargeback had any realistic prospect of success. This is because a claim could only be made against the money transfer company Mr H's funds were sent to. This company provided the expected service in receiving Mr H's funds and passing them on.

Overall, whilst I recognise Mr H has fallen victim to a scam and has lost money as a result, I can't reasonably ask Revolut to refund him.

**My final decision**

For the reasons given, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 18 October 2024.

Jay Hadfield  
**Ombudsman**