

The complaint

Mrs J complained because Revolut Ltd refused to refund her for transactions she said she didn't make.

What happened

On 9 March 2024, Mrs J contacted Revolut via the in-app chat. She said there were unauthorised transactions on her account. She said she still had her card and phone. Revolut's chat adviser told her to block the card, and to review the payment and see whether she recalled providing her card details or using the merchant in the past.

Mrs J asked for more help. An adviser asked if she recognised the name of the merchant to which five transactions had been sent, totalling £488.04. The adviser also told her the category of payment was recorded as "shopping or general merchandise." Mrs J said she didn't recognise the payments.

The adviser asked Mrs J whether she'd shared her card or security information, and what devices she used. She said she hadn't shared any details, only used her phone, and hadn't clicked on any links. Revolut told her to order a replacement card, and to raise a chargeback.

The next day, 10 March, Mrs J contacted Revolut again. She said she'd had a message saying the chargeback was invalid. Revolut said that was because there had been no trace of fraudulent activity on her account, so it wouldn't refund her.

Mrs J disagreed, and said she hadn't had a mail until the sixth transaction. But Revolut's adviser said that as the transactions had been authorised using a mobile payment service, and Mrs J still had the phone, Revolut couldn't consider the transactions unrecognised.

Mrs J complained, and said this was affecting her health. Revolut sent a final response to her complaint. It said it appreciated what she'd said about her health, and it had recorded this on its systems. It said that Mrs J's chargeback claim couldn't be pursued as it didn't meet the criteria in the card scheme's rules. And it said that the email it had sent her had explained its reasons. So it didn't uphold Mrs J's complaint.

Mrs J wasn't satisfied and contacted this service.

Our investigator didn't uphold Mrs J's complaint. He said that the device used to make the disputed transactions had been added to her account on 28 January. This could only have been done by confirming a One-Time PIN (OTP) which had been sent to her registered phone number. Mrs J hadn't been able to explain how a third party could have got her card details, and the OTP sent to her phone, in order to set up the device which was later used for the disputed transactions. So he said that he believed Mrs J, or someone with her consent, had authorised the disputed transactions.

Mrs J didn't agree. She said she didn't have the type of phone for the mobile payment service which had been used. She also said that she only had one card, and she suspected

that her details had been disclosed by someone on Revolut's staff when that new card was sent to her. She said she'd been told that there were two cards, but she only had one and Revolut needed to explain. Mrs J 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 and what determines the outcome

There are regulations which govern disputed transactions. 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. 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 determines the outcome here is whether it's more likely than not that Mrs J, or someone she allowed to use her details, carried out the disputed transactions.

I'll also clarify the position about chargebacks. Revolut said that Mrs J's transactions didn't meet the criteria for a chargeback. Chargeback schemes are voluntary codes, decided according to the scheme rules. Some financial organisations choose to use chargebacks for disputed transactions. But chargebacks aren't a full substitute for all of a payment services provider's responsibilities under the Payment Services Regulations 2017 and the Consumer Credit Act 1974. In other words, what matters here is still the key issue of whether or not Mrs J authorised the disputed payments.

Who is most likely to have authorised the disputed transactions

To help decide this, I've looked at the technical computer evidence about the disputed transactions. This shows that the transactions were carried out using a mobile payment service. Mrs J's Revolut card had been added to the mobile payment service wallet on 28 January. She's referred to two cards, but I can see that the card that was added was her valid card. The card had been added using a One-Time PIN. That PIN had been sent by text to Mrs J's registered phone number, and that PIN had then been correctly entered. I've seen the automated text which was sent. It said "*This code will be used to add your card to another [name of mobile payment service] device. Don't share this code with anyone, even if they claim to be from Revolut. Don't enter it anywhere unless you want to add your card to a new device.*"

So whoever added the card had access to the information on Mrs J's card, and access to Mrs J's registered phone number. I've seen the PIN which was sent, and it was six digits. There are a million possible combinations of any six digit number, so any fraudster couldn't have guessed this correctly.

As Mrs J's Revolut card was added to the mobile payment service wallet on 28 January using these security measures, I find that it's more likely than not that Mrs J did this herself. Alternatively, if she provided her security details to another person, she would be liable.

Mrs J said that her phone wasn't the same type as the mobile payment service which was used to make the disputed transactions. But it doesn't make any difference what type of phone she had. Her card had been added to a mobile payment service on 28 January, and the disputed transactions were carried out using that mobile payment service.

I've also borne in mind that Mrs J's card was added to the mobile payment service on 28 January, and the disputed transactions didn't take place until 9 March. As I've said above, I think it's very unlikely that a third party could have added Mrs J's Revolut card to their mobile payment service. But in the unlikely event that they had, I think they'd have used this to steal money straight away. It's not likely they'd have waited around six weeks to do so.

Finally, I've considered Mrs J's belief that someone within Revolut's staff disclosed the details of the new card she'd received in January. I don't agree with this, because the card details alone wouldn't have enabled anyone to add Mrs J's card onto a mobile payment service. Whoever did that also had access to Mrs J's registered phone, which she had in her possession throughout.

So I find that it's more likely than not that Mrs J, or someone to whom she allowed to have access to her card and phone, carried out the disputed transactions. This means that Revolut doesn't have to refund her.

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 Mrs J to accept or reject my decision before 4 November 2024.

Belinda Knight
Ombudsman