

The complaint

Miss J complains that Revolut Ltd hasn't protected her from losing money to fraud, which she says has caused her financial loss and distress and inconvenience.

What happened

The background to this complaint is well known to both parties, so I won't repeat everything here. In brief summary, Miss J has explained that in April 2024 she made seven payments totalling £1,673 from her Revolut account which she says she lost to fraud.

Payment number	Date	Description	Amount (£)
1	05 April 2024	Bank transfer to M	162
2	05 April 2024	Bank transfer to S	200
3	07 April 2024	Bank transfer to L	200
4	07 April 2024	Bank transfer to L	112
5	12 April 2024	Card payment to T	399
6	29 April 2024	Bank transfer to J	500
7	30 April 2024	Bank transfer to J	100
Total			1,673

Miss J complained to Revolut. Revolut didn't think it had done anything wrong but, as a gesture of goodwill, it refunded to Miss J the first four payments totalling £674 which Miss J said she had authorised but lost to a scam. Miss J remained unhappy when the remaining last three payments weren't also refunded, so she referred her complaint about Revolut to our service. As our Investigator couldn't resolve the matter informally, the case has been passed to me for a decision.

I sent Miss J and Revolut my provisional decision on 22 August 2024 explaining why I wasn't minded to uphold this complaint. Revolut didn't respond to my provisional decision. Miss J disagreed with my provisional decision and in summary: she repeated some of her previous submissions; explained that she remained unhappy; said her Revolut bank statement shows payment 5 took place in London (so couldn't have been her); and said the police said Revolut was responsible for refunding her money, so she questioned why I was ignoring this.

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 reached materially the same conclusions as in my provisional decision, and for the same reasons. I've explained my reasons again below, but first let me respond to the points Miss J emphasised in her response to my provisional decision:

- I appreciate Miss J has said that, with regards to payment 5 which she says she didn't authorise, she was in a different place at the time compared to the location recorded on her statement for this payment. However, a transaction like this won't

always show accurate information about the location it was authenticated from. And I'm satisfied from the information I've seen (as I explained in my provisional decision) that Miss J's phone was used to authenticate this payment, so this hasn't changed my mind about things.

- The fact Miss J reported things to the police, and the police were hopeful Revolut would reimburse her, doesn't change things here. Miss J appears to have misinterpreted the police's position to mean Revolut is required to reimburse her in this case, when this isn't accurate. This is because if Miss J was scammed (and it looks like she was) this would ultimately be caused by fraudsters, and this doesn't *automatically* entitle her to a refund from Revolut. I explained in my provisional decision why I didn't think it would be fair for me to tell Revolut to reimburse Miss J and the points she's made haven't changed my mind about this.
- I already considered Miss J's previous submissions including her Dropbox files.

In the absence of anything else causing me to change my mind, I've explained again below my reasons for not upholding this complaint.

Revolut already refunded to Miss J, on 16 April 2024, the full amount of her first four payments (£674). So I'll first address the matter of the remaining last three payments.

Authorisation

Miss J has said she didn't authorise the last three of the disputed payments.

The Payment Services Regulations 2017 are relevant here. In short, Revolut will generally be liable for unauthorised payments. And a payment out of someone's account can only be authorised if the payer consented to it. So, whilst Revolut has provided information from which I'm satisfied these three transactions were authenticated through the Revolut app on Miss J's mobile phone, this isn't enough on its own to say the payments were authorised. To decide Miss J authorised the payments, I'd also need to be persuaded Miss J most likely consented to them.

In this regard, I understand Miss J has said that her phone must have somehow been hacked on 12 April 2024 when the £399 card payment to T (payment 5) was authenticated. She's also said that she mistakenly left her phone unattended at a locker room at work on 29 April 2024 and she thinks a work colleague must have somehow guessed the passcode to unlock her phone (which she says wasn't hard to guess), and that this passcode was the same one she used for her Revolut app – so, Miss J has said, it must have been a work colleague that made the £500 bank transfer (payment 6) on 29 April 2024 and potentially the £100 bank transfer (payment 7) on 30 April 2024 without her consent.

I've thought about this carefully. But I'm not persuaded this is most likely. I say this because:

- I've seen no information supporting what Miss J has said about her phone being hacked on 12 April 2024 in order to somehow authenticate the card payment from her phone without her consent. I've seen no persuasive explanation of how this could have happened.
- Miss J's submissions haven't been entirely consistent. On the one hand, she's said in some places that she didn't consent to the £100 payment on 30 April 2024. But I can also see, for example during her in-app chat with Revolut on 30 April 2024, that she said that the scammers had contacted her again and she'd sent them another £100 thinking she would get her money back, which appears to be reference to this same

£100 (payment 7) which she has said elsewhere that she didn't authorise. But if the £500 payment (payment 6) the day before had truly been unauthorised, it's hard to understand why Miss J would have authorised this £100 payment.

- I accept it is possible, of course, that someone at work correctly guessed (or had previously shoulder surfed) Miss J's passcode to access her phone, which may of then enabled them to access Miss J's Revolut app on 29 April 2024 without her consent. But in this case, I think it's more likely that Miss J instead authorised these transactions, albeit possibly in circumstances where she was continuing to be tricked by scammers (following on from the first four payments Revolut already refunded) into paying more money as a result of fraud.

In these circumstances, I don't think it was unreasonable that Revolut treated the last three payments (payments 5 to 7) as authorised by Miss J.

Prevention

It's quite possible, however, as I've said, that Miss J was tricked into authorising the transactions as a result of fraud. So, for completeness, if this was the case, I've considered whether Revolut ought reasonably to be required to refund them for other reasons.

Revolut would generally be expected to process payments a customer authorises it to make. That said, as a matter of good industry practice Revolut should have taken proactive steps to identify and help prevent transactions – particularly sufficiently unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. So, at the time these payments took place, I would have expected Revolut to be on the look out for anything noticeably unusual in the transactions Miss J was making. And if it saw anything sufficiently unusual about a payment, or pattern of payments, I would have expected it to check with Miss J before processing them. However, there are many payments made by customers each day and it's not realistic or reasonable to expect Revolut to stop and check every payment instruction. There's a balance to be struck between identifying payments that could potentially be fraudulent, and minimising disruption to legitimate payments (allowing customers ready access to their funds).

And in this case, I think that even if Miss J was tricked into making these payments, I don't think I could reasonably say these payments were unusual or suspicious enough that Revolut ought reasonably to have intervened further in them before they were executed. This is because the first four payments were small amounts and there was nothing particularly suspicious about them. I understand that Revolut refunded Miss J these payments on 16 April 2024 as a gesture of goodwill. And payments 5 to 7 were to different beneficiaries compared to the scam payments she'd already confirmed to Revolut. So again there would have been nothing of concern to Revolut about these payments, particularly given their size. So I don't think Revolut unreasonably failed to prevent any of the payments.

Recovery

Revolut already refunded to Miss J, on 16 April 2024, the first four payments totalling £674 she has said she lost to the scam. So I don't need to consider these ones. But for completeness I have considered whether Revolut unreasonably hindered the recovery of payments 5 to 7.

Payment 5 was a debit card payment to a legitimate merchant "T". The only potential avenue for recovering a debit card payment like this one after it was made was via the chargeback scheme. Revolut said that its records showed Miss J reported this payment via chargeback on 12 April 2024 mentioning her phone was hacked. And it explained there were two types

of chargeback – fraud and dispute, and that Miss J's claim would be under fraud, because she said she didn't authorise it; but that a fraud chargeback wouldn't succeed because it thought the transaction was authorised. For reasons I've already explained, I don't think this was unreasonable and so I'm satisfied the payment wouldn't reasonably have been recoverable under a fraud chargeback.

The second type of chargeback is dispute. Because I think Miss J authorised this payment, but potentially only as a result of a scam, I've considered whether a dispute chargeback would likely have succeeded. But I don't think it would have. This is because Revolut could only bring a chargeback against the merchant paid, which in this case was T, not the potential scammers. And it seems T hadn't done anything wrong, such that a dispute chargeback against them wouldn't succeed. So I'm not persuaded this payment was recoverable after it had been made.

With regards to the recovery of payments 6 and 7, Miss J's testimony has been mixed. It seems she's always maintained payment 6 (for £500) was unauthorised. So, I'd only reasonably expect Revolut to refund this payment to Miss J if it agreed with her that it was unauthorised (which it didn't, not unreasonably in my view, as I've explained). And with regards to payment 7, as I've said, in some places Miss J has said this payment was also unauthorised. So again the same could be said. Nonetheless, I'm pleased to see that Revolut explained in its final response to Miss J dated 17 May 2024 that it had nonetheless contacted the beneficiary bank to try to recover these funds. I understand, however, that unfortunately Revolut hasn't heard back from the beneficiary bank (which isn't so unusual, and Revolut's recovery naturally depends on cooperation from the beneficiary bank which doesn't seem to have been forthcoming here) such that it appears these payments aren't recoverable by Revolut from the recipient account. But should Revolut hear otherwise in due course, naturally it should refund to Miss J any amount of these two payments that do prove recoverable.

I understand Revolut has also explained that payments 1 to 4 didn't prove recoverable. Nonetheless, it has refunded these to Miss J, in circumstances where I'm not persuaded it was required to. So, overall, for the reasons I've explained, I don't think Revolut has dealt with Miss J unfairly or unreasonably, and I think what it's already done in this case is fair, and that I can't fairly tell it that it should do more.

Distress and inconvenience

Miss J has said Revolut has caused her serious distress and inconvenience, causing her to be homeless, and affecting her health. However, Revolut refunded to Miss J the £674 on 16 April 2024. This was a swift refund of payments 1 to 4 given when Miss J made them. I can also see that the eviction notice Miss J has sent in is dated 28 April 2024. So Revolut had already refunded to Miss J, as a gesture of goodwill, the money she lost from payments 1 to 4 before then. I'm also mindful that the root cause of things would have been the potential scam, not Revolut. I've also explained why I don't think it would be fair to ask Revolut to pay Miss J more. So whilst I naturally sympathise with the personal circumstances Miss J has described, I don't think I can fairly say this is Revolut's fault or that it should be required to do anything more.

My final decision

For the reasons explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 16 October 2024.

Neil Bridge
Ombudsman