

The complaint

Mr C has complained Revolut Ltd won't refund him for transactions he didn't make.

What happened

After being out for drinks with friends, Mr C felt ill and ended up coming off the bus home and collapsing on the street. His belongings – including his phone and a camera – went missing. He was discovered and roused by the police who advised him to cancel his cards and phone and contact the DVLA as well. Mr C ended up going to hospital to have himself checked out.

After he left hospital, he realised there were transactions on his accounts – both his account with Revolut and a card with another issuer (who I'll call A) – he didn't recognise. A refunded Mr C but Revolut wouldn't as they felt the authentication process meant the transactions must have been carried out by Mr C.

Mr C brought his complaint to the ombudsman service.

Our investigator reviewed the evidence provided by Revolut, including transaction data for the disputed transactions as well as information about access to Mr C's app on his stolen mobile. Revolut was unable to provide anything to show Mr C had definitively authorised the transactions or acted with gross negligence. Our investigator asked Revolut to refund Mr C in full, add 8% simple interest and pay him £100 compensation.

Mr C accepted this outcome, but no response was received from Revolut. This complaint has been referred to an ombudsman.

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 the same outcome as our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

It's worth stating that I can choose which weight to place on the different types of evidence I review, including technical evidence, provided by financial institutions along with complainants' persuasive testimony.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

The regulations which are relevant to Mr C's complaint are the Payment Services Regulations 2017 (PSRs). These primarily require banks and payment institutions to refund

customers if they didn't make or authorise payments themselves. There are exceptions to this and that would include if the customer had acted with gross negligence or intent to allow any security details – including the card and PIN – to be used by someone else.

To help me come to a decision, I've reviewed the evidence Revolut provided as well as what Mr C has told us. I note our investigator also approached A to obtain evidence they'd refunded Mr C in full, as they indeed had.

I don't believe Mr C authorised these disputed transactions. I say this because:

- There is a clear point of compromise for someone to have stolen Mr C's mobile phone after he collapsed. Despite Revolut's scepticism, I'm in no doubt that this collapse took place as it would seem to be quite a convoluted fraud if Mr C had undertaken these transactions without any explanation why he would be doing this. Particularly as in his evidence he's talked about waiting for one of his parents before going to hospital and having some blood tests done.
- Mr C has confirmed the PIN for his Revolut card – which I believe was used at a minimum to make the two disputed cash withdrawals – was the same as the one he used for his card with A.
- I can't pinpoint exactly how the fraudster obtained Mr C's PIN but the PSRs don't require me to do so. I'm satisfied that there were opportunities as Mr C was using his mobile just before he collapsed, or the PIN reveal was used for his card with A which enabled the fraudster to quickly work out that Mr C used the same PIN for both. Mr C wouldn't be unusual in doing this.
- There were three cash machine withdrawals declined by Revolut. In at least one case, their evidence states the withdrawal was blocked as this looked like suspicious behaviour. Overall, I'm satisfied this resembles fraudulent activity.
- Revolut has produced no evidence to say they believe Mr C acted with gross negligence. The burden of proof for gross negligence lies with the payment service provider and Revolut will be aware our service notes this is a high bar to cross.
- Revolut has suggested Mr C obtain CCTV evidence of his card being used at cash machines. I stress that he is not required to do so – if Revolut truly believed these withdrawals were being made by Mr C, then it would be for them to obtain this evidence.

Mr C also complained about Revolut not submitting a chargeback dispute. Like our investigator, I wouldn't have expected them to do so. The technical data shows these transactions were properly authenticated so there would be no grounds for a chargeback to be successful under the international card scheme rules.

Putting things right

As I believe Mr C didn't authorise these transactions, Revolut will have to refund £794.88 (which includes the £1.20 cash machine fee omitted from our investigator's view) to Mr C. 8% simple interest a year will have to be added from the date of the original disputed transactions.

I also think the process of getting this sorted has caused further inconvenience to Mr C so I will be asking Revolut to pay him £100 in compensation.

My final decision

For the reasons given, my final decision is to instruct Revolut Ltd to:

- Refund £794.88 to Mr C;
- Add 8% simple interest to the disputed transactions from 11 May 2023 to the date of settlement; and
- Pay Mr C £100 for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 22 November 2024.

Sandra Quinn
Ombudsman