

The complaint

Mr B complains Revolut Ltd is holding him liable for three transactions he says he didn't carry out or authorise.

What happened

Mr B has an account with Revolut and a debit card ending 9080.

Mr B says he was abroad working on 28 November 2022 when a person or persons unknown used his card to purchase items in a department store in London well-known for luxury goods. He says they spent £8,200 in total, draining his account. He says Revolut didn't contact him about the purchases, nor did he receive any notifications.

Mr B says he only discovered the transactions when he was checking his balance after returning to the UK to claim back expenses. He contacted Revolut to report the disputed transactions. He did so on 4 December 2022.

Revolut looked into Mr B's claim and said that the payments had been made using Apple Pay registered on card ending 9080. Revolut said that it had terminated that card but wouldn't be able to raise a chargeback as the transactions had been authorised. Revolut said that for a card to be linked to Apple Pay a verification code is sent to the mobile number registered to the account and this code has to be used.

Mr B was unhappy with Revolut's response and ultimately complained to us. He said that he'd requested a chargeback because Revolut's page gave him limited options when reporting the disputed transactions and that Revolut had ignored the fact that he'd said he'd been the victim of fraud. He also said that he received three messages and codes from Revolut regarding Apple Pay but he ignored them as he hadn't asked for them. He said he doesn't use Apple Pay and never has, so why would he ask for codes. He provided copies of his flight details and other evidence of spending abroad at the time of the transactions.

One of our investigators looked into Mr B's complaint and said that they didn't think Revolut had acted unfairly as codes to set up Apple Pay had been sent to his mobile phone. Mr B disagreed with our investigator's recommendation and asked for his complaint to be referred to an ombudsman for a decision. His complaint was, as a result, passed to me.

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.

Earlier on this month I issued a provisional decision explaining in detail why I was minded to uphold this complaint. In that decision I said:

"Based on the evidence I've seen, I'm satisfied that Mr B was abroad at the time of the transactions, that they were all done using Apple Pay and that he didn't return to the UK until 3 December 2022. I'm also satisfied that Mr B's card was added to two different devices around 18:15 on the day of the disputed transactions. In other words, I'm satisfied not only that Apple Pay was set up, but also that Mr B's card details were added to two new different devices. Those two new devices were used to make the three disputed payments – less than four hours later – at 21:42.41, 21:44.27 and 21:49.45 – and two more payments were attempted at 21:51:09 and 21:52.03 but declined. That's because there were insufficient funds in Mr B's account for the declined transactions to go through – one was for £900 and another for £500.

The first transaction was for £5,600. I would have expected Revolut to question this transaction for a number of reasons. It was for over £5,000 to a retailer well-known for selling luxury goods, was on the same day that Mr B had used his card abroad – he did so at approximately 14:00 – and was made using Apple Pay that had been set up for the first time four hours earlier on two new different devices. In other words, a transaction where there are lots of red flags. The fact that Mr B appeared, for example, to be in two different countries / locations almost 1,000 kilometres apart on the same day was a red flag in itself. Had Revolut attempted to contact Mr B to check the activity, based on everything I've seen, I'm satisfied that he would have either being uncontactable – as his work means he cannot always have his mobile phone with him given that he accesses sensitive sites – or he would have confirmed that he knew nothing about the transaction meaning it wouldn't have gone through and presumably the newly set-up Apple Pay would have been cancelled. In other words, I'm satisfied that Revolut missed an opportunity to prevent loss to Mr B."

I also said why in this particular case I was satisfied that there were a number of explanations as to how Mr B's mobile phone – which would have been needed to set up the Apple Pay – might have been compromised. And I continued:

"... that, along with a pattern that is highly suggestive of third-party fraud, means in this case I'm satisfied that Revolut hasn't done enough to show that Mr B authorised these transactions. So, it shouldn't hold him liable for them."

I also awarded Mr B £300 in compensation given the additional distress and inconvenience Revolut's handling of his claim had caused him.

I invited both parties to comment on my provisional decision. Mr B did, saying that he was happy with it, and that in the event that I told Revolut to refund him he'd like the refund to be paid into an account he's opened elsewhere.

Putting things right

Having considered everything again, I remain of the view that Revolut not only missed an opportunity to prevent loss to Mr B, but also hasn't done enough to show that he authorised the transactions he's disputed. I also remain of the view that Revolut should, in the circumstances, refund Mr B and pay him compensation.

My final decision

My final decision is that I'm upholding this complaint and require Revolut Ltd to refund the disputed transactions to Mr B – in other words, refund £8,200 – together with 8% per annum simple interest from the date of payment to the date of settlement. In addition, I require Revolut Ltd to pay Mr B £300 in compensation for the additional distress and inconvenience he's been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 28 October 2024.

Nicolas Atkinson
Ombudsman