

The complaint

A company, which I'll refer to as M, complains Revolut Ltd ("Revolut") won't refund unauthorised payments. Mr H, who is a director of M, has brought this complaint on M's behalf.

What happened

On 19 September 2023, Mr H contacted Revolut to report several disputed payments that took place between 18 September 2023 and 19 September 2023 totalling £7,300. He explains that he was out in a pub on his own, having arranged to meet his friends who later couldn't attend. But after being in the pub, he doesn't recall getting home. He later discovered, through doorbell footage he obtained, that there were people entering and leaving his flat, though there was no sign of him returning.

When reporting the disputed payments to Revolut, he said he suspected he might have been drugged whilst he was out and believes that his phone was accessed using his biometrics while he was incapacitated. At the time this happened, he said it wasn't likely he shared personal information as he couldn't recall his details.

After reviewing Mr H's fraud claim, Revolut declined to provide a refund saying it couldn't find signs of unauthorised login attempts, or suspicious activity on the account. Following a complaint raised by Mr H, Revolut then issued its final response letter in November 2023. It said there was no evidence of an account takeover so it wouldn't be providing a refund. Unhappy with Revolut's response, Mr H referred his complaint to our Service.

One of our investigators looked into the complaint and didn't uphold it. In summary they said that based on the evidence they'd seen, they couldn't conclude the payments were unauthorised and that the chances of recovering M's losses were unlikely. Mr H didn't agree, providing comprehensive responses to our Service. To summarise briefly, he said Revolut failed to prevent fraud and didn't comply with UK fraud guidelines. He also added that he felt he was blamed for being the victim of what's happened.

Because Mr H didn't agree, the matter was passed to me to decide. On 5 February 2025 I issued my provisional decision where I didn't uphold this complaint. Revolut didn't respond, and Mr H didn't agree. He questioned the evidence Revolut had provided and said that Revolut has since added additional steps to prevent the same type of incident occurring again.

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 don't uphold this complaint. I'll explain why.

I can see Mr H provided comprehensive responses to our Service in response to our investigator's findings and my provisional decision, and I understand this complaint is really

important to him. I'd like to start by reassuring Mr H that although I've only summarised what's happened and the points that I think are key to deciding the complaint, I've carefully considered everything he's provided. I don't mean this as a disservice, this is just a reflection of the informal nature of our Service. And part of my role is to identify the core issues I need to address in order to reach a fair outcome. This means I might not cover everything he has said, but I will give my reasons for the outcome I've reached.

And since referring the complaint to our Service, Mr H has raised new complaint points that weren't part of his original complaint to Revolut. But as these are new issues, I can't consider them here and instead this would be subject to a new complaint he'll need to raise directly to Revolut.

Further to that our Service isn't the regulator, and our role isn't to penalise businesses. I'm not going to comment on every potential error Mr H has raised that he believes Revolut has caused but instead focus on the key issue of whether Revolut has acted fairly in declining his fraud claim.

The dispute here is around whether Revolut has acted fairly in treating the disputed payments as authorised. I've started by considering what authorisation means under the Payment Services Regulations 2017 ("PSRs"). One part is that the payments must have been properly authenticated. Revolut has now provided online records showing the payment steps were completed using mobile banking from an iPhone 12 Pro device registered to the account. This is the same device Mr H confirmed having at the time he reported the fraud and the only iPhone 12 Pro that had access to M's account at the time of the payments. I'm satisfied therefore the payments were authenticated correctly and from Mr H's device.

Correct authentication isn't enough to deem the payments were authorised. The PSRs say that Mr H, on behalf of M, must also have given his consent to the execution of the payments. In practical terms, it means Mr H consents to payments by completing the agreed steps as set out in the terms and conditions of the account. Specifically entering the account number and sort code of the beneficiary account holder.

Mr H said he didn't make these payments, nor allowed someone else to make them. He believes someone accessed his phone whilst he was incapacitated. Mr H's phone and the passcode to log into his mobile banking app were used to make these disputed payments. So for someone to have made these payments, they would have needed access to both his phone, and his security information.

Mr H has explained that his passcode wasn't written down nor was it shared with anyone else. He also explained that the passcode to log into his Revolut app was different to the one he used to log into his phone. The technical data Revolut has provided shows that prior to each payment that was made, the passcode was correctly entered at the first attempt and the passcode wasn't reset prior to the payments being made. This supports that the person logging in already knew this information and it was an existing passcode previously set up by Mr H. So it's unclear, based on this, how someone other than Mr H was able to log into his mobile banking app.

Mr H has provided doorbell footage that he says shows people entering and leaving his flat, though there was no footage of him returning. Specifically the footage shows two individuals arriving at different times in the early hours of 19 September 2023. However, I don't find this persuasive evidence of the disputed payments being unauthorised. I note that the time stamps show the first person appears to arrive after four of the five disputed payments had already been carried out.

As there's no footage that's been provided of Mr H returning to his property, the timeline of

how things unfolded prior to the first person arriving is unclear. It's also unclear if anyone was with Mr H when he returned, and he hasn't been able to recall how he returned home. And I've seen nothing to suggest anyone else was at his property beyond the two individuals as no one else was captured leaving his property by his doorbell. But with the limited information I have, I consider it more likely than not that he was in his property prior to the first person arriving. And overall, it's unclear how these individuals could have accessed his phone where the evidence doesn't appear to suggest they were with him at the time.

Mr H explained to Revolut that he didn't remember his passcode, and it appears from what he said that he couldn't recall this information in general instead of only when the disputed payments were made. However I don't consider this the likely scenario. The mobile banking app report shows there was a successful login using his passcode on Mr H's mobile banking app on 17 September 2023 which was followed by an undisputed transfer out of M's account. Mr H's app had also been logged into multiple times on 18 September 2023 between 1am and 5pm, using his passcode, which was several hours prior to the disputed payments taking place. During these events the passcode was entered successfully at the first attempt, and there were no prior passcode resets. It otherwise appears that Mr H was aware of his passcode in the days and hours leading up to the disputed payments which isn't consistent with the testimony he's provided. And as Mr H has said he didn't share his passcode, it's still unclear how someone else was able to access his mobile banking app.

I've thought about Mr H's comments that he was incapacitated at the time, where he believes he may have been drugged, and that someone accessed his phone using his biometrics. However the technical data doesn't support his biometrics were used to log into his mobile banking app at any stage, nor were they used to make these payments.

It appears there were no further payment attempts after the final disputed payment was made, despite these individuals still being at Mr H's property afterwards for over an hour. If someone had learnt Mr H's passcode to log into his mobile banking app and was going to the extent of taking money from his business account, I find it unusual that no further attempts were made.

Mr H said that the police were investigating what had happened and that these individuals were known by them. He also mentioned there were active warrants for their arrest. But Mr H hasn't been able to provide evidence to support this, or provide any contact he's received from the police concerning its investigation.

We can't know what happened inside Mr H's property but on the evidence available to me, I don't think Revolut has acted unfairly here in determining these payments were authorised.

Should Revolut have prevented the payments?

I've thought about whether Revolut could have done more to have prevented the payments as Mr H argues it failed to prevent fraud.

Having taken into account longstanding regulatory expectations and requirements, and what I consider to be good industry practice, Revolut ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

However from the evidence I have, I don't feel I have the full picture of what's happened. So even if I were to say that Revolut ought to have had a concern at some stage about the payments that were leaving the account, I'm not persuaded it ought to have prevented the disputed payments. I can't fairly say Revolut could have uncovered anything from a reasonable and proportionate line of questioning.

Whilst Mr H raises the point that Revolut has since changed its procedures, and compared his experiences with his other banking providers, I have to consider what processes *Revolut* followed and whether it met the standards expected at the time. Considering I think its most likely he has authorised these payments, I can't say it's done anything wrong in processing them. And as above even if Revolut had spoken with Mr H, I'm not persuaded this would have prevented the payments going ahead.

The steps taken after Mr H's fraud report

Mr H argues Revolut failed to act after he reported fraud, which seems to be in relation to recovering the loss and where instead of investigating the fraud, it blocked his account. He also says Revolut held the receiving account, but this is not correct. The beneficiary account was with another account provider.

Revolut said it didn't attempt to recover the money that was sent from M's account as it considered the payments had been authorised by Mr H. Where the payments involved were transfers to another account, a method of recovery would be contacting the beneficiary account provider. But even if Revolut had attempted to recover the money at the time Mr H reported the fraud, the evidence provided shows all the money had been spent *before* his contact. So in any event, nothing could have been recovered.

Revolut explained that as Mr H had reported unauthorised payments, it took steps to restrict the account to make sure it was speaking with its customer in line with the terms and conditions of the business account. Specifically referring to the part where it sets out it might prevent its customer making payments if it's concerned that the account could be used fraudulently. Given what the applicable terms and conditions set out and what was being alleged by Mr H at the time he contacted Revolut, I don't consider Revolut was unfair in taking the steps it did to restrict M's account.

Because of this, I don't consider Revolut needs to do anything further.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 24 March 2025.

Timothy Doe
Ombudsman