

## The complaint

Mr G complains that Revolut Ltd won't refund payments he didn't make or otherwise authorise.

## What happened

In November 2023, Mr G received a call from someone purporting to be from his bank "N". He's explained that a few days prior to receiving the call, he had inadvertently disclosed his personal details by clicking on a 'package redelivery' link. Mr G checked the phone number where the call had come from, and it appeared to belong to N. The caller told him that his account's security had been breached and he needed to move all his money to another account provider like Revolut to keep it safe. Mr G already had an e-money account with Revolut, so he followed the caller's instructions and started transferring money.

Mr G has explained that the caller made him create virtual cards with Revolut and asked him for the last four digits of the cards. He also states that there was a pop-up on his screen and although he can't recall the specifics now, he believes it related to approving or reverting transactions. He says he pressed approve each time thinking he was approving transactions which would lead to money going back to his account with N. Mr G explains that he approved the transactions under the pressure of the situation and had no reason to doubt the caller as they led him to believe that they would return the money into his account.

Unfortunately, Mr G had fallen victim to a scam and the following card payments were made on 24 November 2023 –

	Time	Merchant	Amount
Payment 1	14:32	Merchant 1	£450.00
Payment 2	14:37	Merchant 2	£1,149.03
Payment 3	15:00	Merchant 1	£450.00
Payment 4	15:06	Merchant 1	£450.00
Payment 5	15:15	Merchant 1	£450.00
Payment 6	15:25	Merchant 2	£920.00
Payment 7	15:30	Merchant 1	£220.00

He reported the matter to Revolut as soon as he realised what had happened. It asked him to submit a chargeback request for the disputed payments which totalled just over £4,000, but this was rejected on the grounds that the transactions couldn't be treated as fraudulent given they were authenticated via 3DS authentication (i.e., in-app approval).

Our investigator concluded that the transactions weren't authorised as it was the scammer that input all the details required to make the payments, not Mr G. So, he didn't use the agreed form and procedure to consent to the disputed payments. The investigator asked Revolut to refund the transactions in full and recommended £100 compensation for not refunding the payments in time.

Mr G accepted the investigator's recommendations, but Revolut didn't, and it asked for an ombudsman's decision. Revolut said it didn't dispute that it was the scammer that completed

the majority of the steps necessary for the payment. However, it was Mr G who approved the payment via 3DS.

I issued my provisional decision earlier this month and gave reasons for why I didn't intend upholding the complaint. I said:

*"It's common ground that Mr G fell victim to a highly sophisticated social engineering scam, and it isn't in dispute that he didn't give the payment instructions himself – the scammer did this.*

*As Mr G says the disputed payments are unauthorised, the relevant law here is the Payment Services Regulations 2017 (PSRs). The starting point is that Mr G would generally be liable for authorised payments and Revolut would generally be liable for unauthorised payments.*

*To consider a payment authorised, the PSRs explain that Mr G must have given his consent to the execution of the payment transaction – and that consent must be in the form, and in accordance with the procedure, agreed between him and Revolut. In other words, consent happens when Mr G completes the steps agreed for making a payment. It's also possible for someone else to act on Mr G's behalf and complete these agreed steps. And for the purposes of whether a payment is authorised, it doesn't matter if Mr G was deceived about the purpose or amount of the payment.*

*To establish the agreed form and procedure, I've reviewed the terms and conditions that Revolut has referred us to. These don't set out in detail how Mr G consents to making card payments. They simply state that Mr G can make payments using his Revolut card. So, I've thought about what practical steps are needed to make these payments. It seems that Mr G's card details (long card number and associated security details) would have been needed to give the payment instructions.*

*Mr G says he only shared the last four digits of the virtual cards with the scammer and that according to his account statement five different virtual cards were used. However, Revolut has explained that details for virtual cards can only be obtained from within the customer's Revolut app. There's no suggestion that a third party had access to Mr G's phone when the disputed payments were made. So, while I acknowledge that Mr G recalls sharing only the last four digits of each virtual card, on the balance of probabilities, I think it's more likely than not that he disclosed the necessary card details to the scammer, and this enabled them to give the payment instructions.*

*Mr G also completed the 3DS screens in the Revolut app on each occasion. He says he did this under the belief that it would allow the scammer to transfer his money back to N. This suggests he was aware that payments would be made from his Revolut account. Although the money didn't go back to N and was used by the scammer to make purchases instead, by sharing his card details and by 'approving' the transactions Mr G understood that payments would leave his Revolut account. In line with the PSRs, the payments would be deemed authorised in this case and the starting position is that Mr G is presumed liable for the loss in the first instance.*

*Revolut has a duty to act on his authorised payment instructions without undue delay. However, there are circumstances when it might be appropriate for Revolut to take additional steps before processing a payment. Such as when there are grounds to suspect that the payment presents a fraud risk. That might occur when a payment is significantly unusual or uncharacteristic compared to the normal use of the account.*

*Taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to be good industry practice at the time, I consider it fair and reasonable in November 2023 that Revolut should:*

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;*
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;*
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so; and*
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – (as in practice Revolut sometimes does including in relation to card payments).*

*While Mr G didn't use this account regularly, I still don't think Payments 1-3 were that unusual such that Revolut should have been concerned and taken additional steps. By the time Payment 4 was authorised, a pattern of multiple spending to the same merchant had begun to emerge. I consider that Revolut should have taken additional steps in the circumstances. But had it provided a scam warning to Mr G during the payment journey, I'm not persuaded that this would have prevented his loss. I'll explain why.*

*Mr G has told us that he was in a state of panic and believed the scammer when they said that by approving transactions his money would go back to his account with N. I've reviewed the 3DS screens that Revolut says are like the ones Mr G would have seen, and they showed the merchant's name and payment amount. Mr G was then given the choice to confirm or reject the payment. Based on what he's told us, it seems that Mr G was following the scammer's instructions and not really taking in the information presented on the screens. Had Revolut checked that it was indeed Mr G making the payment and given a general scam warning, based on what he's told us about his state of mind, on balance, I think it's more likely than not that he would have chosen to go ahead with the payment.*

*Once the payments were authorised and processed, Revolut wouldn't have been able to stop the funds from leaving Mr G's account. As the payments were made using a debit card, I've considered whether Revolut should have raised a chargeback, and whether it would likely have been successful, once it was notified of the scam. Revolut has said that Mr G didn't have chargeback rights because the payment was approved via 3DS. It is correct that a payment approved this way doesn't have grounds for a chargeback on the basis that it was unauthorised.*

*I've considered whether a chargeback could have been raised on a different basis, for example, goods or services paid for but not received. Here, the payments were seemingly made to genuine businesses, and it's a common feature of the scam Mr G has described that the goods or services paid for are provided, but to a third party rather than the payer. So, on balance, I don't think it's likely that Mr G could have recovered his funds in this way.*

*I can see that our investigator awarded Mr G £100 compensation for Revolut not refunding him in line with the PSRs. As I don't think it needs to refund the disputed payments, I don't consider this compensation award is due.*

*I recognise that this will be disappointing news for Mr G, not least because of how long this matter has been ongoing and the investigator previously upheld his complaint. But overall, I'm satisfied that it's fair for Revolut to have deemed the payments as authorised and I'm not persuaded it is at fault for failing to prevent his losses. So, while I appreciate that he's a victim here, I don't intend to uphold his complaint against Revolut."*

I gave both parties an opportunity to provide any further comments or information they wanted me to consider before finalising my decision. Revolut replied and said it had nothing further to add. Mr G said he was utterly disappointed with the provisional decision, particularly because it is so different to the investigator's findings. He said he can't understand how there can be such a difference between the two outcomes and can't believe that at the very least there isn't any compensation from Revolut for the trauma of the experience. Mr G concluded by saying he has nothing else he can provide for my consideration.

### **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.

I'm sorry to hear about Mr G's disappointment with my provisional findings. It's completely understandable, given the investigator recommended a full refund along with compensation in their assessment. But both parties to the dispute have the right to disagree with the investigator's assessment and ask for an ombudsman's determination.

In my provisional decision, I gave reasons for why I intended concluding that it was fair of Revolut to treat the transactions as being authorised by Mr G. I also explained why I didn't think there were any other reasons why it would be fair to hold Revolut liable for Mr G's loss. Mr G hasn't provided any further information or evidence in relation to why he disagrees with those reasons. As such, while acknowledging his disappointment, I see no reason to depart from my provisional findings.

I can see Mr G has said that at the very least he should receive some compensation. He has undoubtedly been the victim of a cruel scam, and I believe him when he says he's been left traumatised by what happened. But in order for me to award compensation, I need to be satisfied that Revolut's acts or omissions directly contributed to the distress Mr G experienced. As I haven't found any failings on Revolut's part that would lead me to uphold this complaint, and it was the actions of the scammer that led to Mr G's loss, it would neither be fair nor reasonable for me to award compensation.

### **My final decision**

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 28 May 2025.

Gagandeep Singh

**Ombudsman**