

The complaint

B complains (on behalf of his limited company) that Revolut Ltd won't refund transactions he claims were unauthorised.

B has the assistance of a representative but for ease of reading, I'll treat all submissions as having come from B alone.

What happened

B visited a nightclub for his stag do on Sunday 16 October 2022 between the hours of 1am and 2.30am. At around 6am, B discovered that he had lost his phone and wallet. B states multiple unauthorised transactions totalling £21,562 debited his Revolut account.

B suspects he was watched inputting his PIN into his mobile phone (which shares four digits with his Revolut app PIN) and the fraudsters successfully guessed his app PIN and accessed his account.

B tried to locate his mobile but was unable to. He reported the matter to the police, his insurer and his banking providers (including Revolut).

Revolut issued its final response on 21 October 2022 explaining that it didn't find any evidence of fraudulent activity. It declined to refund any of B's disputed transactions.

B referred his complaint to this service. He explained in summary;

- He has screenshots to show fraudsters saving his PIN by dialling it on his phone (he has his laptop linked to his phone so was able to see this).
- The payment pattern and events match a known fraud type.
- There is CCTV evidence showing his location at the time of the transactions.
- He had a conversation with the shop where items were purchased using his card which confirmed someone was spending suspiciously on his card.
- There were a large number of declined payments.
- There were lots of attempted contactless payments on another of his bank accounts but these weren't successful.

He also explained the matter has caused him a great deal of stress and he wanted his money back, interest and compensation for the distress and inconvenience caused. One of our Investigators didn't think Revolut acted unfairly. She felt the technical evidence supported the disputed transactions being authorised.

B didn't agree, he said in summary:

- That he worked at the same location as a project manager for months, which is why the IP address matched what the scammers used.
- The four-digit Revolut PIN – linked to his debit card used the same first four digits as his phone passcode (which he says was shoulder surfed).

- Similar instances were reported in the news.

Our investigator followed up and explained all of the logins to the Revolut app during the morning of the disputed transactions were completed with the same IP address as B's genuine account activity. B's testimony was that he was at a stag do, not at work. Our Investigator also noted that B's testimony was that the fraudster learned his PIN by accessing his Revolut app.

B replied and in summary said:

- In March 2022, he completed a night club project at the same location as the nightclub. He also regularly works in the vicinity of the area.
- He was visiting the nightclub in the months leading up to October 2022, as well as the night in question.
- Given that his phone passcode and Revolut passcode app shares four digits, he feels the fraudster's debit card PIN access was gained through a 'lucky guess' as they also share the first four digits of the phone passcode.
- Another banking provider successfully refunded disputed transactions (from the date in question) that occurred on his credit card.

B provided further evidence including; a letter from a company confirming that B carried out refurbishment works at 'the bar' in the way he described. He also provided a timeline of his movements leading up to and after the fraudulent activity which I'll include a summary of:

- He'd been out enjoying his stag night with friends from around 3pm on 15 October 2023.
- He arrived at the nightclub around 00:00 on 16 October 2023.
- His last text message from his mobile was at 00:33am to the bar manager with names of friends to enter the club.
- He left the nightclub at around 02:33am on 16 October 2023.
- At some point between 00:33am and 03:52am his phone was stolen from him.
- There's a gap in his memory relating to what occurred between leaving the club and taking a taxi home but recalls saying goodbye to the head of security outside the club who he'd met during the course of his job. He says police later told him his drink was likely spiked.
- He arrived home shortly before 05:08am in a taxi.
- He attempted to pay the taxi driver but upon opening his wallet he noted he was only in possession of his driving license. Both his Revolut card and third-party bank card were missing.
- The taxi driver was 'suspiciously' nice about it and said 'well I guess this one is a free one'.

Our Investigator reviewed the additional submissions and said, B didn't disclose that the phone passcode shared digits with B's Revolut PIN which was quite important information not to disclose. The CCTV evidence didn't prove B was in a different location to where the transactions were taking place. The journey from the nightclub to B's home was not over two hours and during this time six transactions took place and he's unable to account for his whereabouts. She felt there were too many inconsistencies in B's testimony.

B asked for an Ombudsman to review his complaint. He said the evidence he's provided clearly shows he's the innocent victim of fraud. B requested to speak to an Ombudsman prior to them making a decision.

The complaint has been passed to me for determination.

I contacted B as I noted he originally reported to Revolut and to this service that he'd lost his phone and his wallet. But in an email with our investigator he said when he returned home he had his wallet and his driving license but his Revolut card and credit card belonging to another banking provider were missing. I also asked why B waited until the evening to report his card missing to Revolut.

B replied explaining that his Revolut card and other banking provider's card was stolen from his wallet. He said he reported to Revolut that his card had been stolen. He provided a screenshot of a message he sent to Revolut at 18:48pm on 16 October 2022 where he said 'Hi, all of today's transactions are following the theft of my card'. He said at later points, he said 'wallet', 'cards from wallet' and 'cards' but didn't know using the words interchangeably had any value. He said his wallet is a 'card wallet' and not a traditional wallet. It doesn't have anything but cards.

He also said he was travelling back from his own stag party at 18:00pm and it was the first time he had access to a laptop and could use the chat function to speak to Revolut. For some time throughout the morning it was assumed that his phone was lost in the back of a taxi. He thought it felt sensible at the time to assume that if his phone was lost in a taxi, his cards may have been with it.

B also explained that he was dyslexic and didn't disclose this before as he didn't think it was relevant. But given the emphasis placed on his words, he thought it was now relevant to disclose this information.

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 conclusions as that of our investigator for broadly the same reasons.

Generally speaking, Revolut is required to refund any unauthorised payments made from B's account. Those rules are set out in the Payment Services Regulations 2017 (PSRs). B has said he didn't carry out the transactions in dispute. I therefore need to determine whether I think he authorised the transactions or not.

I've seen from Revolut's records B's chip was read for all the disputed transactions bar one which was completed by an online payment service. Revolut can't provide definitive evidence that the PIN was necessary to authenticate all the chip-read transactions.

However, I've noted some of the disputed transactions were ATM withdrawals. It's therefore reasonable for me to assume that the PIN was needed to authenticate these transactions. I think on balance, the disputed transactions were authenticated. This is important, though not enough on its own to say Revolut can hold B liable for the transactions.

A payment out of someone's account can only be treated as authorised if the payer has consented to it. This means the customer must have consented to a payment transaction taking place. So, I've gone on to consider here whether I think B consented to the transactions and therefore whether they were authorised or not.

I've noted B's last genuine transaction took place on 15 October 2022 at 2.41pm and was a contactless payment. So I don't think it's likely that someone shoulder surfed him and gained access to his card at this stage as a PIN wasn't required for the transaction.

B explained that his card and mobile phone were stolen and that no one had knowledge of his PIN or access to his mobile phone. He also said his PIN wasn't written down anywhere. B initially believed that a fraudster was able to gain access to his mobile phone and PIN through shoulder surfing. He said his mobile phone PIN and Revolut banking app PIN all shared similar numbers that are personal to him. He initially felt that someone gained access to his Revolut debit card PIN by accessing his Revolut banking app and viewing the PIN. He later explained that his Revolut debit card PIN was likely guessed correctly as it also shares the same first four digits as his mobile phone passcode.

I don't find B's explanation of events to be likely or plausible and I'll explain why:

- In B's complaint submission, he says he 'lost his phone and his wallet'. Yet in an email to our investigator, he said when he arrived home in the taxi, he attempted to pay the taxi driver 'but upon opening my wallet noted I was only in possession of my driving licence'. This is inconsistent and I think it would be reasonable for B to have recalled whether he lost his wallet or just two cards that he says were in his wallet, despite his assertion that he used the terms cards and wallet interchangeably.
- Even if I accept B's argument that just his cards were stolen. It would mean that a fraudster was able to gain access to B's wallet (without him noticing) but only chose to steal his cards, rather than his wallet and driving license too. I think if a fraudster had stolen B's wallet, it's likely they would have stolen his entire wallet rather than selecting specific cards and returning the wallet and driver's license to B.
- B didn't initially explain his Revolut debit card PIN and phone passcode share the same first four digits. B initially explained that his phone passcode shared similar numbers to his Revolut banking app PIN. He initially explained that he felt someone viewed his PIN in his Revolut banking app. However, six ATM withdrawals (which would have required B's PIN) occurred from 3.52am to 3.55am. The first successful app login occurred after all these transactions had taken place. So, I don't think it's plausible that an unknown third party could have viewed B's debit card PIN first in the Revolut banking app. B didn't initially disclose that his Revolut debit card PIN shared the same first four numbers as his phone passcode. I find this to be a crucial piece of information that B omitted and so I do question the consistency of his testimony.
- There were no failed Revolut app attempts prior to the successful login. B's mobile phone passcode and Revolut banking app PINs are similar but not the same. I think it's unlikely that an unknown third party would have guessed the Revolut banking app PIN with just one attempt.
- B provided evidence from his cloud that the scammers had inserted his six-digit passcode to his phone and dialled it as a new number after they had stolen it. However, this evidence is not dated, so I don't find it supports his claim.
- B says he left the club at 2:33am but didn't arrive home until 5:08am. He can't recall what happened in-between other than spotting a head of security he knew at the nightclub upon leaving it. He said the police believed his drink was spiked. I appreciate what B has advised but I have concerns with his testimony. B recalls conversations after leaving the club and upon returning home. But he can't account for his whereabouts for the significant period of time between leaving the club and arriving home (which is when the first six ATM withdrawals took place). I find this to be odd but I do accept B's testimony about potentially having his drink spiked. As our

investigator pointed out, the taxi ride from the club to B's address would have taken substantially less time than the times B reported he left the club and arrived home. So it's possible B carried these transactions out himself.

- B realised his Revolut card and mobile phone were lost when he arrived home but didn't report the card as missing until later that evening. I do appreciate that B felt his cards could have been lost in a taxi, particularly as his friend advised him of this. But I don't think the back of a taxi is a 'safe' location for important items to not be reported as lost. During the time that B failed to report the card as lost, further substantial transactions were carried out and it's possible the card was not reported as lost to facilitate the transactions.
- B said his fiancé visited one of the stores where some of the disputed transactions occurred. But in later testimony and his police statement, he said he visited the store himself. B then explained to this service that they both visited the store. This changing testimony is inconsistent.

There is a gap of five hours between the first six disputed transactions and the seventh. There is a further gap of two hours before the eighth. Given that the Revolut banking app was accessed in the very early hours of the morning and after the fraudster had carried out successful ATM withdrawals, I find it unusual that a fraudster wouldn't have attempted to withdraw all they could as quickly as possible, given that there was a risk B would have reported his card as lost. This isn't consistent with fraudulent activity. I think if a fraudster had access to B's phone, card and PIN and online banking details, they'd have tried to utilise all the available funds as quickly as possible for fear that B would have reported his card as lost.

I therefore think the most likely scenarios were either; B made the disputed transactions himself, or, he authorised another party to carry out the transactions. In either case, I think the transactions were authorised by B in accordance with the PSRs. And because of this, I don't think Revolut acted unreasonably by holding him liable for the transactions.

I also recognise that B was unhappy with Revolut taking him through a chargeback process. I don't think Revolut acted unreasonably as it has a chargeback process for unauthorised transactions. I also don't think it materially delayed B getting an answer from Revolut.

And even though I can accept the transactions were unusual, I don't think Revolut were required to intervene as I've already concluded the transactions were authorised. And so an intervention wasn't required in my judgement.

My final decision

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

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

Dolores Njemanze
Ombudsman