

## The complaint

Mr S complains that Revolut Ltd (Revolut) won't refund the money he lost to a scam.

## What happened

In early 2023, Mr S was arranging a trip to visit family. He used his Revolut card to make payments to who he thought was an estate agent, on the understanding they were arranging flights for him. Unfortunately, they were a scammer.

Mr S says he agreed to two payments. He was tricked into making another as the scammer told him one hadn't gone through. He was then told he needed to authorise the refund for the overcharged amount – but instead, further payments were taken.

When Mr S realised he had been scammed, he raised a dispute with Revolut in relation to the following payments:

Date	Merchant paid	Amount
03/02/2023	T	£1,645
03/02/2023	T	£1,645
03/02/2023	T	£1,645
04/02/2023	S	£415.43 (plus £4.16 fee)
04/02/2023	S	£166.21 (plus £2.49 fee)
<b>Total loss</b>		<b>£5,523.39</b>

Revolut said, in line with the chargeback rules set by the card scheme provider, there weren't valid grounds to raise successful claims. Unhappy with this response, Mr S referred his complaint – about Revolut's decision not to refund him – to our service.

Our investigator didn't uphold the complaint. In summary they said, bearing in mind the '3DS' screens Mr S would have seen/approved, the payments should be treated as authorised. They didn't think Revolut had cause to be concerned at the time of processing the payments. And they didn't think it was at fault for not pursuing chargeback claims.

Mr S has appealed the investigator's outcome. He says Revolut should have had further/better measures in place to protect him. He has provided some information about his prior account to explain why he thought Revolut should have been concerned about the scam payments. And he's expressed dissatisfaction about the difference in protection offered by debit cards and credit cards.

## 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 decided not to uphold it. I'll explain why.

First, I've considered whether the payments should be treated as authorised, in line with the relevant regulations – the Payment Services Regulations 2017 (PSRs). This is relevant as Mr S would generally be liable for authorised payments and Revolut would generally be liable for unauthorised payments.

In broad terms, as set out in the PSRs, a payment would be deemed authorised if the account holder completes the agreed steps to make a payment – or gives someone else access to complete those steps on their behalf.

I'm satisfied the payments on 3 February 2023 were authorised. While Mr S was being tricked, he provided his card details to the scammer, and completed the 3DS screen in the Revolut app, for the purpose of allowing them to take the payments. I understand he was tricked into thinking one hadn't gone through – which is why he completed the process again. But he knew the steps he took would allow a payment to be taken at that point, meaning it would still be deemed authorised.

I have considered what Mr S has told us about the payments taken the next day. He says that, while he 'approved' the payments via the in-app 3DS screen, he completed this step thinking he would be receiving (rather than making) payments.

Looking at how the 3DS screen would have appeared, it was the same as for the previous payments. It showed the merchant name, as well as the payment amount with a minus sign in front of it. I think that made it clear enough that, by selecting to 'confirm' the payment, Mr S was allowing the payment to be debited. He was giving a form of authority to the scammer to act on his behalf in requesting the payment. So I think, for the purposes of the PSRs, all the payments should be deemed authorised.

As explained, that means Mr S 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 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.

Looking at Mr S's account history, I'm not persuaded these payments appeared so uncharacteristic that Revolut ought to have suspected he was falling victim to a scam. He had previously made similar size (and larger) payments, and had sent multiple payments to the same payee within a day. I appreciate the distinction Mr S has drawn about the nature of those earlier payments. But I still consider them relevant to what level/type of account activity Revolut would be expecting to see from Mr S, and what it would consider significantly uncharacteristic and risky.

In the circumstances, I don't consider it remiss that Revolut processed the payments in line with the instructions received without completing further checks.

I appreciate Mr S thinks Revolut should have recovered the funds through the chargeback scheme. This is a scheme run by the card-scheme provider (in this case, Mastercard) to resolve payment disputes between customers and merchants – subject to the rules they set. The scheme is voluntary and limited in scope. Revolut isn't obliged to put a claim through just because Mr S requests one. But I'd consider it good industry practice to do so if the claim was likely to succeed.

Here, the way the payments were authenticated (using 3DS) meant the funds couldn't be charged back from the merchants paid on the grounds of fraud. Nor am I persuaded there were any other chargeback reasons, under Mastercard's rules, that would have been likely to succeed.

Most chargebacks reasons are for (evidenced) issues with the goods or service provided by the merchant paid. T was a money transfer service. They likely provided the expected service by loading/transferring the funds in line with the instructions received. Similarly, S appears to be a digital goods provider. And there's no indication they didn't provide whatever goods and services the payments were funding. I therefore think it was reasonable that Revolut didn't try to charge back these card payments – as I don't think the claims would have succeeded.

I understand Mr S is disappointed that the recovery options for payments made on debit card (as these were) differ to those made on credit card. There is different legislation that can, in some circumstances, give rise to a different type of claim for credit card payments. But what I'm considering is whether Revolut acted fairly, in line with its obligations.

I do appreciate how disappointing this will be for Mr S, who has clearly fallen victim to a cruel scam. But in all the circumstances, I'm decided not to direct Revolut to reimburse him for his loss. That's because I'm not persuaded that loss is attributable to a failing by Revolut.

### **My final decision**

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 18 January 2024.

Rachel Loughlin  
**Ombudsman**