

## **The complaint**

Mr T has complained Revolut Ltd won't refund a transaction he didn't make.

## **What happened**

In April 2023 Mr T was out in a nightclub and had his phone stolen. The following morning he tried to report this to Revolut by email. He noted money had been transferred from another account he held (with a bank I'll call H). Mr T eventually was able to confirm fraud had taken place on his account shortly after a transaction for £7,141 took place in a store in London.

Mr T confirmed this couldn't have been him as he was elsewhere at the time. Revolut refused to refund him. Mr T brought his complaint to the ombudsman service.

Our investigator reviewed the evidence but found it difficult to explain how an unknown party could have used Mr T's mobile to access his accounts and spend money with Mr T's authorisation. He wouldn't ask Revolut to refund the disputed transaction.

Mr T didn't agree with this outcome and has asked an ombudsman to consider his complaint. He was also able to confirm the status of the police investigation into what had happened.

I completed a provisional decision on 25 September 2023. I believed Mr T hadn't authorised the transaction and asked Revolut to refund him.

Mr T accepted this outcome. I heard nothing further from Revolut.

I now have all I need to complete my final decision.

## **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 outcome as I did in my provisional decision. What follows explains my thinking.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

The regulations which are relevant to Mr T's complaint are the Payment Services Regulations 2017 (PSRs). These primarily require banks to refund customers if they didn't make or authorise payments themselves. Other factors do apply but nothing else specific in Mr T's case.

The PSRs also require financial institutions to provide evidence that they relied upon in rejecting any claim about disputed transactions. Whilst Revolut has been able to provide information on the individual transaction, there is no other evidence to suggest Mr T has acted with gross negligence.

So to help me decide what happened, I've looked at the evidence of the transactions as well as what Revolut and Mr T have confirmed to us. Specifically I can see:

- Mr T has told us his phone went missing during the evening of 1 April 2023 (or early morning of 2 April) after a night out with friends.
- Mr T's email address with Revolut, along with his Apple ID were changed in the early hours of 2 April. His ability to use the find his phone feature was also disabled.
- What followed was many transactions Mr T has said he didn't make. These were made using his phone and app with Apple Pay and included online transfers from within Mr T's account with H and then £5,000 to his Revolut account as well as a purchase for £7,141 using the Revolut account from a shop in London.
- Mr T was able to get refunds of Uber transactions direct from H as they accepted these were not him. H wouldn't refund £5,000 as this was transferred to Mr T's own Revolut account.
- Evidence from H shows Mr T reported fraud with them just after 9am. So I see no reason to doubt Mr T when he says he tried to report what happened with his phone to Revolut that morning and before the disputed transaction even took place.
- Mr T reported what happened to the police. They've been able to confirm that transactions made at a garage and within the shop in London were not carried out by Mr T. Other evidence shows Mr T couldn't have been in London at the time of the disputed transaction.

Mr T has said that he's looking for £7,141 to be refunded by Revolut.

I have considered whether Revolut can hold Mr T responsible because there's no simple explanation for how the payments were made without his involvement as our investigator has suggested. However the test under the PSRs isn't whether I can exactly pinpoint how the fraud happened but whether these were authorised by Mr T. And I believe there are various scenarios which explain how his password could have been known – particularly if Mr T's phone had been targeted by fraudsters during the evening. I also note the details that were changed after the fraudsters initially accessed Mr T's phone which shows they tried to limit Mr T's ability to access his own account.

I've also considered the nature of the disputed transactions. These clearly follow the type of transactions we see when fraud is being committed. Transfers were made in the early hours of the morning. I don't believe that these transfers were anything but out of character for Mr T, as were the rest of the transactions that followed. Whilst we need to be careful about saying certain payment patterns look like fraud, in this case I'm in no doubt what happened here matches fraud-related activity.

Mr T's account with H was accessed and money transferred. This money had been saved by Mr T for his future. I can see no reason why Mr T would spend this himself.

I have considered Mr T may have authorised these transactions but if this were the case, he'd have to have committed extensive and varied first party fraud – with the involvement of

a third party – and I don't see any reason for him doing this.

Based on the evidence, I'm satisfied Mr T didn't authorise the disputed transaction.

### **Putting things right**

Revolut will need to refund £7,141 in full. As Mr T has been without a large amount of money for a long period, Revolut will also need to add 8% simple interest to this amount from the date his account was debited until the date of settlement.

### **My final decision**

For the reasons given, my final decision is to instruct Revolut Ltd to:

- Refund £7,141 to Mr T; and
- Add 8% simple interest from the date he was debited until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 22 November 2023.

Sandra Quinn  
**Ombudsman**