

The complaint

Mr S and Mrs R have complained that Revolut Ltd won't refund transactions they say they didn't make or otherwise authorise.

What happened

In April 2023, a new device accessed the account using Mrs R's email. This device was used to change the account's password and to make two small £1 payments. It topped up the account with £1,000 from Mr S's other card, then sent the account's balance on to an anonymous cryptocurrency wallet.

Mrs R reported this to Revolut later that day, explaining she could neither login nor retrieve access to her account. She says the device in question was not hers and neither she nor Mr S carried out the transactions that day. Mr S charged back the £1,000 top-up, which left a debt of around £1,000 on the Revolut account, for which Revolut held Mr S and Mrs R liable.

Our investigator looked into things independently and didn't uphold the complaint. Mr S and Mrs R appealed, so the complaint was passed to me to decide. I gathered further evidence.

I sent Mr S, Mrs R, and Revolut a provisional decision on 20 March 2024, to explain why I thought the complaint should be upheld. In that decision, I said:

First, I will clarify that this complaint is within our jurisdiction, as it surrounds unauthorised payments for which Revolut was the payment service provider, and Revolut holding Mr S and Mrs R liable for a regulated overdraft debt.

Based on what I've seen so far, it seems likely that the activity on the day in question was unauthorised, because of the following:

- *The verification emails used to access the account were sent to Mrs R's email address, but were then immediately forwarded to a suspicious third-party domain, where a third party would be able to access the links*
- *The person using the account was unable to verify themselves with the passcodes sent to Mrs R's registered number*
- *The IP address used does not appear to match Mr S or Mrs R's genuine activity*
- *The disputed activity was carried out on a new device, which was running a suspect operating system which it should not have been able to run, along with an incorrect version of the Revolut app*
- *The disputed activity was inconsistent with Mr S and Mrs R's previous activity, but was very consistent with fraudulent activity*
- *Mrs R appears to have been genuinely unable to access the account after the suspicious device changed her password*

Having discussed these concerns with Revolut, it seems Revolut now agrees it's most likely that Mrs R's email address was compromised and used to take over the account, and that the disputed payments were therefore unauthorised. I would advise Mrs R to update her email passwords and security methods and check her devices for viruses or malware.

Revolut has now kindly offered to refund the disputed payments, for which I'm grateful. That should clear the outstanding negative balance and also leave a small credit balance to be paid to Mr S and Mrs R.

However, Revolut says that in order to do this refund, Mrs R would need to come back to the chat function and go through the process to secure and reactivate her account. I understand why Revolut wants her to do this. But Mrs R has evidenced that she's unable to properly access the chat or password reset function. This may be due to technical difficulties caused by the account takeover. And given that Mr S and Mrs R just want to close their Revolut account anyway, there doesn't seem to be much point in them going through a potentially protracted process to reactivate it.

So I think the best thing now is for Revolut to rework the account to reverse the disputed activity, close the account, and pay the resulting credit balance to Mr S and Mrs R's new account. There's also a few other things which need doing to put things right, which I'll set out below.

I said I'd consider anything else anyone wanted to give me – so long as I received it by 3 April 2024. I'll talk about the replies below.

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.

Mr S and Mrs R accepted the provisional decision, confirmed they'd now secured Mrs R's email account, and confirmed they were happy with the proposed redress and would rather have the account closed.

Mrs R asked if Revolut could either pay their account with another bank, or set up a new account to receive the redress. I can't make Revolut open a new account, so I'll direct it to pay the credit balance to Mr S and Mrs R's external account.

Revolut offered to refer the matter to a team which might possibly be able to call Mrs R and see if they can help her regain access to the account, then report back later about providing the refund. But while I'm grateful for the offer, it's much too late in the process for such a protracted solution. And Mr S and Mrs R have confirmed that they want the Revolut account closed anyway. So it's better for Revolut to simply close that account and pay any money owed to Mr S and Mrs R's external account.

Otherwise, neither side raised any new evidence or arguments. So having reconsidered the case, I've come to the same conclusions as before.

Putting things right

I direct Revolut Ltd to:

- reverse the disputed transactions (except for the top-up, which was already successfully charged back)
- refund any interest or charges that Mr S and Mrs R incurred because of Revolut debiting the disputed transactions
- close the account, and pay the resulting credit balance to Mr S and Mrs R, using the account details which Mr S and Mrs R will provide
- for the resulting credit balance: also pay simple interest to Mr S and Mrs R on that balance, at the rate of 8% simple a year, payable from the date of the disputed activity until the date the credit balance is paid to them[†]. This is to compensate Mr S and Mrs R for the time they didn't have their money. Again, this should be paid to the account details which Mr S and Mrs R will provide
- remove from Mr S and Mrs R's credit files any record of the overdraft debt which was created by the disputed transactions

[†] If Revolut considers that it's required by HM Revenue & Customs (HMRC) to deduct tax from that simple interest, it should tell Mr S and Mrs R how much tax it's taken off. It should also give Mr S and Mrs R a tax deduction certificate if they ask for one. Mr S and Mrs R may be able to reclaim the tax from HMRC if they don't normally pay tax.

My final decision

For the reasons I've explained, I uphold Mr S and Mrs R's complaint, and direct Revolut Ltd to put things right in the way I set out above.

If Mr S and Mrs R accept the final decision, Revolut Ltd must carry out the redress within 28 days of the date our service notifies it of the acceptance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R and Mr S to accept or reject my decision before 2 May 2024.

Adam Charles
Ombudsman