

The complaint

Mr A complains Revolut Ltd refuses to refund him for transactions on his account he says he didn't make.

What happened

The facts of this case are well known to both parties, so I won't repeat them in detail here.

In summary, Mr A says his phone was stolen and was used to make unauthorised transactions on his account.

Revolut acknowledged the theft on Mr A's account and refunded some of the money from the disputed transactions. But it refused to refund any of the transactions that were made to one of Mr A's accounts with another provider. This money was then used to purchase cryptocurrency and transferred to unknown accounts.

I completed a provisional decision on this complaint on 9 April 2023 setting out why I think this complaint should be upheld in Mr A's favour. In my provisional decision I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

As I've said above, I'm minded uphold the complaint, and I'll explain why.

Generally speaking, Revolut is required to refund any unauthorised payments made from Mr A's account. Those rules are set out in the Payment Service Regulations 2017 (PSR's).

Mr A says he didn't carry out these transactions. So, I must decide whether I think it's likely he didn't make these transactions. If so, as per the PSR's, it would be for Revolut to refund the unauthorised transactions.

Revolut has provided evidence to show the transactions in dispute were carried out and verified on the Revolut App. Revolut also says the transactions in question were sent to an account in Mr A's name, one that had been used before and not disputed. But this evidence doesn't persuade me the transactions were authorised.

Mr A says his phone was stolen on 29 April 2023 while he waited for a taxi, and he says his phone was unlocked at the time. Mr A has provided a police report and evidence of fraud enquiries raised with the other providers to support what he's said. Mr A has also provided evidence to show that the 'find my phone' feature was disabled soon after the phone was taken.

Mr A confirmed his phone was protected by face ID and a passcode, and he told us that his Revolut app and phone passcodes were different. Mr A also says he didn't write down any of his password or account information on his phone. He has provided evidence that some of his security information was automatically stored on his phone as a feature of the device. But these would only have been accessible using Mr A's phone passcode or face ID. I accept that it is possible to change the biometrics on a device and then have access to all the

stored information, however the phone passcode would be needed to make such changes.

Mr A has told us he was in a bar before leaving to call his taxi home. He has said that he paid at the bar using ApplePay, which he says could've been the point his passcode was compromised. I've seen evidence that Mr A made several transactions via ApplePay in a bar prior to his phone being stolen. It is possible Mr A's passcode was compromised in this way and I think this would've allowed someone else to access Mr A's phone security and change the biometrics to their own face ID or fingerprint.

I've considered the nature and frequency of the transactions made following the point when Mr A says his phone was taken. The transactions took place in a short space of time and for large amounts in comparison to Mr A's regular spending. I've also seen that money was moved around across several of Mr A's personal and business accounts – all typical of fraud behaviour.

Overall, I find Mr A's testimony about the theft of his phone to be consistent and the supporting evidence supplied, persuasive. Revolut has also acknowledged that it believes Mr A's phone was stolen and his account compromised as a result. So, I am persuaded that the transactions in dispute were carried out by a third party who gained access to his phone and changed his biometrics in order to make unauthorised payments.

So, for all the reasons outlined above, I am persuaded that the evidence suggesting the transactions were not authorised outweighs the evidence that they were. This means that Revolut is responsible for refunding the unauthorised transactions.”

I invited both parties to respond with their comments. Revolut has responded with some further points which I will consider below. Mr A accepted my provisional decision and had no further comments to add.

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.

Revolut responded my provisional decision stating the inconsistencies in Mr A's testimony proves he must have authorised these transactions, specifically that Mr A's initially denied holding an account with the cryptocurrency provider where the money was transferred. I've thought about what Revolut has said, but this doesn't change my outcome. And I'll explain why.

The theft of Mr A's phone is not a point that is in dispute as Revolut has acknowledged this fact and has refunded the other disputed transactions. It follows then that the remaining disputed transactions carried out via the stolen phone during the time of the theft makes its likely they were also unauthorised. I have seen the evidence that shows Mr A first denied holding an account with the cryptocurrency provider, but soon after he corrected this to state he does hold an account with them. Understandably, the loss of his phone and subsequent unauthorised transactions must have been distressing, and its likely he accidentally gave some incorrect information. However, in the face of the other more compelling evidence, this doesn't persuade me the transactions to the cryptocurrency platform were authorised.

Revolut has also argued that as these funds were transferred to another account in Mr A's name, it is not responsible for any further loss that took place after this. However, the Payment Services Regulations (PSR's) set out the requirements I need to consider when

looking at disputed transaction complaints. These outline the parameters of how to decide these types of complaints and sets out that the question to consider is whether or not the transactions in dispute were authorised. In this case I am satisfied that the transactions in dispute were not authorised. And I am also satisfied that Mr A will not financially benefit from the outcome of this complaint as I've seen evidence the funds were transferred into cryptocurrency, and I think these were sent to accounts unknown to Mr A.

So, I am upholding this complaint in favour of Mr A, and Revolut should refund Mr A as outlined below.

Putting things right

Revolut Ltd should refund Mr A the remaining transactions in dispute, I understand this to be £3,000. Revolut should also pay Mr A 8% simple interest from the date the transactions were made till the date they are returned to him.

My final decision

For all the reasons outlined above I am upholding this complaint in favour of Mr A.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 19 June 2024.

Sienna Mahboobani
Ombudsman