

The complaint

Mr T has complained Revolut Ltd won't refund money he lost through a series of transactions he didn't authorise.

What happened

In May 2021 Mr T added a Revolut Junior account linked to his own Revolut account. He used this to make small payments to his young son in return for doing family jobs, enabling him to spend money with friends or go to the cinema. At Christmas and birthdays, larger payments were made.

In May 2023 Mr T noticed a substantial discrepancy between what he felt he was seeing as transactions on his Revolut app and the balance of his account. He went online to download the detailed transactions in full. He identified more than six months of disputed transactions and complained to Revolut that he'd not authorised these transactions. The total he claimed as disputed came to £2,945.69.

Revolut wouldn't uphold his claim and argued that based on their terms and conditions they were correct in not refunding Mr T.

Mr T brought his complaint to the ombudsman service.

Our investigator considered Revolut's detailed technical evidence along with Mr T's testimony. He felt it was difficult to ignore the technical evidence which he felt showed the device used for all the transactions belonged to Mr T, whilst there was no evidence that this could have been done by a third party.

Mr T disagreed with this outcome. He's asked for his complaint to be considered by an ombudsman.

I completed a provisional decision on 5 April 2024. On balance I believed Mr T's testimony outweighed the technical evidence and confirmed I would be asking Revolut to refund Mr T in full, along with 8% simple interest.

Mr T accepted this outcome. Revolut provided further comments. Some of this repeated their evidence that the device used was Mr T's and their view that it was impossible for Mr T not to view the full set of disputed transactions on his app.

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. I'll explain why.

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.

It's worth stating that I can choose which weight to place on the different types of evidence I review, including technical evidence such as excel spreadsheets, provided by financial institutions along with complainants' persuasive testimony.

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 and financial institutions to refund customers if they didn't make or authorise payments themselves. Revolut has implied Mr T was negligent by potentially giving his phone to a third party, so I've considered the gross negligence aspect too.

To help me come to a decision, I've reviewed the evidence Revolut provided as well as what Mr T has told us.

Mr T has explained in detail his own investigation into what happened. This includes probably difficult conversations with his 12-year-old son, the holder of the junior account. He's also shared screenshots to show what he feels was a serious discrepancy – that he could only see transactions within the app that he had definitively authorised and was unable to see the numerous disputed transactions. These screenshots were also shared with Revolut. I note Revolut's view that *"this is impossible to happen on its own in our app"*.

I believe these transactions were carried out without Mr T's authorisation. I say this because:

- Revolut's evidence shows the device ID used for the numerous disputed transfers was the one belonging to Mr T. I don't dispute this evidence.
- The transactions themselves however alert me to potential fraud. Transfers up to November 2022 to Mr T's son's junior account were generally small in value and rarely more than two occurred on the same day. After that date these took place more regularly, more than twice a day regularly and the value increased quite drastically on occasion.
- Mr T's son's account use shows some erratic timing for transactions. So for example 01:30 and 05:55 but generally use is confined to before and after school or after 10:15 at weekends.
- The transfers and disputed card use on Mr T's own account matches this profile. When I then consider the evidence provided by Revolut about the device used being Mr T's, I am led to question exactly what was going on. I'm not convinced any third party would have been able to access Mr T's device at those odd times.
- None of what happened appears to me to be like Mr T's normal payment behaviour.
- At no stage has Revolut suggested Mr T made these transactions himself. They rely on their technical evidence showing it was his device, and they believe notifications were regularly submitted to him for all the transactions made from his son's account as well. However I note from the date the iPhone 11 is attached to the account (October 2022), the IP address never changes. Regardless of the times of the

transfer, this remains the same which can't reflect the actual use at the time. As this suggests Mr T remained at the same location the whole time his phone is being used.

- From reviewing Revolut's final response, they refuse Mr T's claim based on clause 22 of their terms and conditions which confirm "*we won't refund any money if you've acted fraudulently or you intentionally or carelessly failed to keep your security details or Revolut card safe*". No supporting evidence has been provided as would be required if I was to consider that Mr T had acted in a grossly negligent manner, which is the test under the PSRs.
- I suspect, reading between the lines, that Revolut believe that Mr T's son must have been able to locate his father's iPhone and conduct the disputed transactions. This suggests he must have then deleted all the individual notifications Mr T should have received but I'm not sure how Revolut explain the screenshot evidence not showing these transactions. Their subsequent submission after the provisional decision suggests the data was manipulated.
- I have considered this in detail. And it is true that in such cases, it is not unknown for teenage children to be able to use technology better than their parents. However based on the timing of the disputed transactions, I can't honestly see how Mr T's son would have been able to access his father's phone at all the different transaction times, so I'm satisfied these transactions weren't committed by another family member.
- I've also thought about whether it could be argued that Mr T had granted his son apparent authority. But from what I understand about the features of the linked Revolut junior account, I believe this was set up primarily so Mr T could ensure that he was always aware of the use his son was making of his account. So it must be additionally annoying that the features he was relying upon didn't, in his experience, provide him with what he expected.
- I note what Revolut has shared about the terms and conditions relating to the under-18 account. This specifies that Mr T – despite what he personally authorised – would be responsible for all transactions carried out by his son. I would just point out what I've stated in the bullet point two above.
- I have therefore considered whether Mr T authorised all of these himself. His testimony is extremely persuasive. So I have to wonder what he'd be gaining from committing first party fraud to such an extent and this seems to me based on the evidence to be out of character.

I don't believe there's sufficient evidence to show Mr T authorised all of the disputed transactions.

As stated above, I've considered aspects relating to gross negligence. As required under the guidelines about gross negligence, the burden of proof lies with the financial institution to show a customer committed gross negligence. I don't agree this has been shown here.

It is not the case under the PSRs that I have to specifically identify a point of compromise to be sure fraud has happened. Nor is it my role to explain how fraud takes place. All I need is to be satisfied there was an opportunity for fraud to take place and based on what I have seen here, I am.

In cases where we find it difficult to explain exactly what happened, the correct response

isn't just to confirm the customer must bear the responsibility. This wouldn't meet the requirements of the PSRs. In Mr T's complaint, the nature of the transactions and his testimony outweigh other evidence.

Revolut will need to refund £2,945.69, along with 8% simple interest.

My final decision

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

- Refund £2,945.69 to Mr T for the disputed transactions; and
- Add 8% simple interest from the dates of the transactions to 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 10 June 2024.

Sandra Quinn
Ombudsman