

## **The complaint**

Mr I has complained Revolut Ltd allowed a fraudulent transaction to be taken from his account which left him having to sort out the consequences of fraud.

## **What happened**

In April 2023 Mr I noticed a large dollar transaction made on his Revolut account. As he'd not made this, he complained to Revolut. They told him this would need to be managed through the international card schemes chargeback scheme.

Within two days of the debit, a credit appeared in Mr I's Revolut account which ensured that the money had all been refunded.

Mr I was concerned at the impact of being a fraud victim and took many steps to limit his fraud exposure.

He complained to Revolut but they felt they'd done nothing wrong as the original transaction had been made by the generation of a virtual card which they believed must have been done using Mr I's mobile device. They offered him £100 as a goodwill gesture.

Still unhappy Mr I brought his complaint to the ombudsman service. Because of the anxiety this event had caused him, he believed he should receive £1,000 compensation.

Our investigator disagreed but asked Revolut to increase compensation to £200, along with refunding any fees related to the disputed transaction and interest of 8% simple interest for the short period these funds debited Mr I's account.

Revolut accepted this outcome. Mr I didn't. He's asked an ombudsman to review his complaint.

## **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 our investigator. 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.

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 I'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.

As part of the PSRs, Revolut are required to show evidence of the authentication that is part of the authorisation process of any disputed transaction. They've been unable to do so. On that basis I'm required to confirm this transaction was fraudulent.

I'd just repeat what our investigator said in her view of 7 June. This dispute doesn't seem to have been managed appropriately. Rather Revolut treated this as a chargeback dispute rather than fraud. I've no doubt this added to Mr I's anxiety about being a victim of fraud.

### **Putting things right**

I've reviewed Mr I's persuasive testimony about what happened and the impact this had on him.

Unfortunately, it wouldn't be fair for Revolut to pay the consequences of Mr I being a victim of fraud as this is the fault of a third party. I appreciate Mr I will feel this is unfair but overall, I agree that £200 is a fair amount of compensation to be paid. I've taken into account how quickly a refund was processed to Mr I's Revolut account.

Like our investigator Mr I should receive 8% simple interest on the fraudulent amount for the two-day period this amount debited his account. Any fees or charges at that time should also be refunded.

### **My final decision**

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

- Pay £200 for the trouble caused to Mr I;
- Refund any fees or charges charged to Mr I whilst he was overdrawn; and
- Add 8% simple interest on £4,927.06 for the period 25 to 27 April 2023.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 3 October 2024.

Sandra Quinn  
**Ombudsman**