

## The complaint

Mr S complained that he'd had problems with Curve UK Limited when he disputed a payment made abroad.

## What happened

On 25 November 2022, Mr S contacted Curve to dispute a transaction for \$468.58 US, which had debited his account on 19 November. In the chat with Curve, Mr S said that he had blocked his card, which he still had in his possession; that he hadn't transacted with the merchant before; and he hadn't shared his PIN with anyone else.

Curve replied saying the transaction had been authorised using chip and PIN, so the person using Mr S's card knew his PIN. Mr S said no-one else would have known the PIN. He said he'd initially thought it was the deposit for the hotel room, but his partner later said they hadn't used Mr S's card for the room. Curve also asked why Mr S had later unblocked his card, and he said he'd continued using the card for a few transactions, then blocked it again. Curve told Mr S the name of the merchant, which was a theme park.

There were further chat messages over the next few weeks. On 15 December, Curve told Mr S that it couldn't treat the transaction as fraudulent because the method used for the transaction was chip and PIN. So the physical card had been present for the transaction. Mr S had asked what PIN had been used, but Curve replied that it couldn't view customers' PIN numbers, to safeguard their accounts. But there were safeguards in place to monitor card transactions, which it couldn't disclose to Mr S for security reasons.

Mr S replied that he'd discovered someone he was travelling with had made the transaction. That person had commented that they'd made a transaction which hadn't come out of their account yet. Mr S said it appeared this person had used Mr S's card by mistake, but with their own PIN.

Curve replied that it could see that Mr S's correct PIN had been used. Mr S said it had been the incorrect PIN and complained.

On 11 January, Curve issued its final response to Mr S's complaint. This set out what had happened, and said the transaction would have been rejected by Curve if the incorrect PIN had been used. It sent him a screenshot of the transaction. Curve told Mr S that as he's said he hadn't shared his PIN with anyone, and the Curve card had been in his possession the whole time, Curve couldn't treat the transaction as fraudulent.

Curve also referred to a separate chargeback request which Mr S had made some months earlier, but that complaint doesn't form part of Mr S's complaint to us. So this decision is only about the \$468.58 US disputed transaction.

Mr S wasn't satisfied with Curve's final response and contacted this service. In his complaint form, he said it had caused a lot of arguments between family and friends while they tried to figure it out. He'd had to ask others if they'd used his card, which hadn't gone down well. He'd been left with a transaction on his credit card, which was the card underlying his Curve

card, and as he was allowing the other person to pay it off monthly, he was having to pay interest. Mr S said he wanted to know why and how his card had been used without his PIN for such a large amount, and said Curve's system showed the PIN was used when it hadn't been. Mr S said he wanted a gesture from Curve to compensate for the stress and anger it had caused. He said he doubted if Curve would reverse the transaction but it would be nice.

During discussions, Mr S later told the investigator that his friend had said he hadn't input any PIN. He'd started to, but the transaction had already been approved. He said that what he really wanted to know was how and why the card could be used in this way, for such a large amount, without an actual correct / physical PIN number. He said it looked as if the merchant was set up so it could take a swipe or a contactless payment, and surely he should have some protection for such a large amount.

Our investigator didn't uphold Mr S's complaint. He noted that Mr S originally said his friend took his card and verified the transaction using his own PIN, not Mr S's PIN. But Mr S then told this service that his friend took Mr S's card by mistake – but wasn't asked for a PIN at all, and instead swiped the card to authorise the disputed transaction. And Mr S had also sent a screenshot from the theme park saying the purchase of park tickets didn't need a PIN. But Curve had provided computer evidence proving that the disputed transaction had used Mr S's PIN. And Curve had also told the investigator that any transaction over £100 would be declined if it hadn't been authorised by chip and PIN. Mr S had also told the investigator that his friend had taken the card from the safe they both accessed – which showed that Mr S had failed to keep the card adequately secure.

Mr S didn't accept this. He said he'd been honest throughout. He said he'd also told the investigator that he wasn't concerned about a refund, so he'd have expected that to be included in the investigator's view. He said the transaction hadn't been authorised with his knowledge and something had genuinely gone wrong between the merchant, card scheme, and Curve. He said that it appeared that it was standard practice in the country where he'd been, for a PIN only to be required at a cash machine. He said he felt failed by Curve, and asked for an ombudsman's 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.

The key information in this complaint is the computer record of the disputed transaction, and I've looked at this document carefully. The code for the relevant part of the transaction record consists of a multi-digit code of letters and numbers. Each letter or number provides a different sort of information. Two of these relate to how the authentication was carried out. And for the disputed transaction, these codes both show that the correct PIN was entered. So it's not correct that the transaction went through without a PIN, or with an incorrect PIN.

I recognise that Mr S says that it was standard practice in the country where they were staying, for PINs not to be required. He's also said that the merchant there said it didn't require a PIN. But this doesn't mean that PINs are never required on any card, because the card issuer (here, Curve) can require it. That's what happened here.

Curve told this service that cards issued in that country tend to use either a magnetic stripe, or chip and signature, instead of a PIN – but that Curve's cards have different requirements. Curve uses a contactless limit. Transactions for more than that, including the disputed transaction here, would be declined if they were attempted contactless. Curve said that the disputed transaction exceeded the limit for a single contactless payment, which was why the correct PIN was required. So I find that there wasn't an error by Curve. Mr S's PIN was

required in line with Curve policies, and the computer evidence shows it was entered correctly by whoever carried out the transaction.

Mr S's version of events has varied over time, which isn't persuasive, but I recognise that might have been because he was asking around about which of his travelling companions used his card to carry out the transaction, and perhaps getting different responses. His most recent version is that a friend carried out the transaction but didn't enter a PIN, so that's what I've considered. But the computer evidence shows that his genuine card with its chip was used, and that the correct PIN was entered. There are 10,000 possible combinations of a four-digit PIN. So either Mr S had it recorded somewhere where his friend could access it; or he'd told the friend; or the PIN was something – such as Mr S's birthday – which was easily guessable by someone close to him.

Mr S said that his friend is paying him back monthly, and he isn't concerned about a refund. For completeness, however, I'll explain that there are regulations which govern disputed transactions. The relevant regulations here are the Payment Services Regulations 2017. In general terms, the organisation is liable if the customer didn't authorise the payments, and the customer is liable if they did authorise them. Here, the disputed transaction was authorised using Mr S's genuine card and correct PIN.

I've considered Curve's terms and conditions, to which Mr S would have signed up when he opened the account. The relevant section says:

***“When we'll be responsible. We'll refund you any money you've lost as a result of:***

- *any unauthorised transaction which you've promptly reported (and within 13 months of the transaction), provided you've not acted fraudulently or carelessly “*

Here, I accept that it's more likely than not that Mr S didn't authorise the disputed transaction himself. He's said that his friend used his card, having picked it up accidentally from the safe they both used. The fact that his friend was able to access Mr S's card, and that the friend must have also known Mr S's PIN, means that it's reasonable to consider Mr S acted carelessly and breached this term by not keeping his card and PIN sufficiently details secure. So Curve wasn't responsible for the disputed transaction.

Finally, in his complaint form to this service, Mr S asked for a gesture to compensate him for the stress and anger this had caused him. I've found that the transaction was correctly processed in line with Curve's authentication requirements, and Mr S didn't keep his card and details secure in line with the terms and conditions. So I find that no compensation is applicable in all the circumstances of this case.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 8 September 2023.

Belinda Knight  
**Ombudsman**