

The complaint

Miss J complains that Revolut Ltd won't refund the money she lost when she fell victim to a scam.

What happened

In August 2020 Miss J fell victim to a scam.

The background to this case is known to both parties, so I won't repeat it here. But in summary, in August 2020, Miss J made a payment of £990 from her Revolut account. This was after she'd received a call from somebody claiming to be from a government body, saying her tax returns had been incorrect for several years. Miss J says the call was sophisticated with her being told there were failed attempts to contact her by letter. Miss J's told us this was all very likely since she filed returns as she is self-employed and changed address several times, including being out of the country often.

The caller told her she needed to make a payment in order to settle the charges. She's told us that as she didn't have the money in her account, her partner transferred £1,000 and she then made the payment of £990 to the bank details she was asked to make the payment to in order to settle the charges. But unknown to Miss J at the time, the payment she made was to fraudsters.

Once Miss J had made the payment, she was asked to send documents and receipts via a messaging app. It was at this point Miss J realised she may have been the victim of a scam. On realising this she reported the matter to Revolut. Miss J says Revolut wouldn't investigate the matter without a report from the police. She reported the matter to the police and provided Revolut with the details the same day. On 2 September 2020 Revolut contacted the beneficiary bank in an attempt to recover the funds. It received a reply on 5 September 2020 to say no funds remained.

Miss J complained to Revolut. It said it's unable to refund Miss J the money she has lost because the transfer was made by her and that it followed her instructions to make the transfer. Revolut has said once it was told about the scam, it tried to retrieve the funds, but this was not possible as the funds had already been withdrawn.

Miss J remained unhappy and so brought her complaint to our service – she believes Revolut should have taken preventative actions and attempts to retrieve the funds before they were gone.

One of our investigators looked into things and didn't think Revolut could have done anything to prevent the scam – she didn't consider the payment Miss J made was particularly unusual or suspicious in its appearance. She recognised in the six months prior to the scam payment Miss J hadn't made any payments of this amount or more, but didn't think a one-off payment of £990 ought to have caused Revolut concern that she might be at risk of financial harm. Our investigator added that in the six months prior to the scam payment she could see Miss J's partner had transferred funds to her a number of times and that the scam payment did not clear the account balance. And, while she thought Revolut could have acted sooner

when contacting the receiving bank once aware of the scam, she didn't think this would have made any difference – as the funds had been moved from the receiving bank account so quickly.

Miss J didn't accept our investigators view. In summary (but not limited to), Miss J said she didn't use her account regularly for over a year before the scam took place. That she does not believe it was a usual transaction from her account. She says there was a delay in contacting the beneficiary bank and she believes had immediate action been taken this could have been prevented.

So the complaint has been passed to me for a decision.

For completeness, I understand Miss J has raised a complaint against the receiving bank. But I should point out that in this decision, I have solely focused on the complaint about Revolut in its capacity as the bank from which the funds were sent.

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.

In deciding what's fair and reasonable in all the circumstances of a complaint, 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 be good industry practice at the time.

I'm sorry to hear of what's happened to Miss J, and I can understand entirely why she feels so strongly that this money should be returned to her. But having thought very carefully about Revolut's actions, I think it did act fairly and reasonably in allowing the transfer to leave Miss J's account. I also don't think it could have recovered the money from the receiving bank, even if it had acted quicker than it did.

So having considered everything, I'm not going to uphold Miss J's complaint. I do appreciate how disappointing this will be for her, but I don't think I can fairly say Revolut should reimburse her the £990 she has unfortunately lost to the fraudsters. I'll explain why.

In broad terms, the starting position in law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the customer's account. And I have taken that into account when deciding what is fair and reasonable in this case.

But that is not the end of the story and taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Revolut should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.

- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

This means that, particularly with the increase of sophisticated fraud and scams in recent years, there are circumstances where a bank should fairly and reasonably take additional steps, or make additional checks, before processing a payment, or in some cases decline to make a payment altogether, to help protect customers from the possibility of financial harm.

In this case, I need to decide whether Revolut acted fairly and reasonably in its dealings with Miss J, when she made the transfer to a fraudster and when she reported the fraud, or whether it should have done more than it did.

Miss J accepts she authorised the transfer. Because of this, Revolut had an obligation to follow her instruction. But there are some situations in which it should reasonably have had a closer look at the circumstances surrounding the transfer - as I've explained. I consider that as a matter of good practice Revolut should've been on the lookout for unusual and out of character transactions.

I've first thought about whether the payment Miss J made was out of character and unusual. And as recognised by our investigator, I agree in the six months prior to the scam payment Miss J hadn't made any payments for this amount or more. I can also see there was a credit of £1,000 into the account from Miss J's partner to facilitate the transfer. When thinking about this, I need to keep in mind that it is not untypical for consumers to make one-off payments from their accounts from time to time.

And when looking at the previous account usage I can see Miss J's partner had previously made credits into the account prior to the scam payment. The scam payment also didn't leave the account in a negative balance. Once the credit came into the account and the payment had been made, the account balance was higher than what it had been prior to the credit and payment.

Revolut has a difficult balance to strike in how it configures its systems to detect unusual activity or activity that might otherwise indicate a higher than usual risk of fraud. But on balance, I can't fairly say the transaction was so unusual or suspicious that it ought to have alerted Revolut that Miss J was at risk of financial harm and I'm not persuaded Revolut acted unreasonably in not making enquiries about the payment before processing it.

I've gone on to think about whether Revolut did what it should've done once Miss J reported to it, that she'd been the victim of a scam. I've looked into the attempts Revolut made to recover the money, once Miss J reported the scam. In order for me to be able to fairly ask Revolut to refund the money to Miss J, I need to be satisfied that Revolut should have acted sooner in trying to recover the money. And if I don't think it acted soon enough, I need to decide whether it made any difference.

In this case I think Revolut could have acted sooner than it did in contacting the receiving bank. Because of this, I've gone on to consider whether it made any difference. Here I've seen from the receiving bank that money Miss J transferred, was removed from the receiving account very quickly and before Miss J reported the scam to Revolut. So even if Revolut had contacted the receiving bank as soon as Miss J had told it about the scam, it wouldn't have made any difference and it wouldn't have been able to recover the money Miss J had paid the fraudster.

It's very unfortunate Miss J has lost this money to what is a cruel and sophisticated scam, and I understand the whole experience will have been frustrating and upsetting for her. But when considering all of the circumstances, I don't think I can fairly say Revolut should have done more to prevent her losing this money. So I don't think it would be fair for me to ask Revolut to refund the loss.

My final decision

For the reasons above, my final decision is that I don't uphold Miss J's complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 15 July 2021.

Staci Rowland
Ombudsman