

The complaint

Mr M complains that Revolut Ltd did not refund a payment he lost to a scam.

What happened

Mr M received a phone call from someone claiming to be from Revolut. When he checked the number that they were calling from, it was the same number on Revolut's website, so he trusted this was correct. They warned him about suspicious transactions on his account, and he could see there was a payment of £24.49 that he did not recognise, so was again assured he was speaking with Revolut.

He was passed onto different 'departments' within Revolut and was told to transfer £11,900 to another account in his name that they had set up. Mr M says he was initially suspicious and cancelled the transaction a few times, but after being passed to different 'departments' and speaking with different 'operators' he was persuaded to make the payment.

The £11,900 was flagged for further review by Revolut, however Mr M says that the scammers had access to his in-app chats, and they sent messages to the genuine Revolut staff without his knowledge. The scammers told Mr M that they worked alongside the people in the in-app chats, and they needed him to take a picture with a piece of paper, which is how Revolut were able to verify his identity and approve the payment. Soon after Mr M sent a second, smaller payment (which the scammers sent back to him), he realised he had been scammed and contacted Revolut.

Revolut issued a final response letter in which they explained they had provided Mr M with a number of warnings prior to the payment being made, including confirmation the payee's name on the account did not match the one he input. And they recognised the payment was potentially fraudulent so referred the issue to their in-app chat team prior to it being released. So, they did not agree they had made an error and they felt they acted quickly to try and recover his funds.

Mr M referred the complaint to our service. Our Investigator felt that Revolut correctly flagged the payment as suspicious. However, when Mr M provided a selfie, as requested, he wrote on the piece of paper that he had made a payment to his own account. This, together with the confirmation of payee not matching, should have been an indication that something was wrong and further investigation was needed.

Our Investigator also did not agree that Mr M had knowingly tried to misdirect Revolut when he tried to make the payment so Revolut should refund Mr M the transaction in question, as well as the unrecognised payment of £24.49, plus 8% simple interest. They also felt the sophisticated nature of the scam meant they did not agree any deduction should be made for any contributory negligence on Mr M's side.

Mr M accepted the outcome, however Revolut disagreed with it. They felt that Mr M should have realised that the name he input did not match the beneficiary on the account as they provided a warning. And Mr M did not select 'safe account' as the reason for the transfer, which they felt was misleading. Also, they could see that another device had been added to

the account, which they felt was negligent of Mr M, as this allowed the scammers to chat in the app.

As an informal agreement could not be reached, the complaint has been passed to me for a 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 think that Revolut should have done more to investigate the unusual payment and if it had have done, I think the scam would likely have been revealed. And I don't think any deduction should be made to account for Mr M's actions. I'll explain why in more detail.

It is not in dispute that Mr M has unfortunately been the victim of a scam, or that he authorised the payment himself as he thought he was speaking with Revolut. Broadly speaking, the starting position in law is that Revolut is expected to process payments and withdrawals that Mr M authorises it to make, in accordance with the terms and conditions of the account. And he will then be responsible for the transactions that he has authorised. Because of this, Mr M is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams.

Revolut has accepted that the payment was unusual as it flagged on their systems for referral to an agent. At that point, Mr M had started the process of making the payment twice and both times they had been referred to an agent for review. However, on both occasions, when Mr M was asked for a selfie, the chat ended with no response from Mr M. This is likely because the scammers were responding and were unable to provide a selfie at that time. Also, when one of the cancelled transactions was referred for additional questions, Mr M said that he had been asked to ignore scam warnings while making the payment. I therefore think Revolut could have been aware at that point that something was not right, and Mr M was at risk of financial harm.

When Mr M was asked to provide a selfie a third time for the final attempt of the transfer, he wrote on a piece of paper that he was making a payment to his own account. However, Revolut has said that he had received a warning that the name on the beneficiary account did not match what he had input, which was his own name. And I think this was another warning to Revolut that something was not right. In addition, the advisor mentioned in the chat that Mr M had advised the transaction was for 'goods and services'. But this again did not tally with what Mr M had written on the piece of paper in the selfie.

I think this was enough for Revolut to have looked into the transaction in more detail and been more wary of authorising it due to the discrepancies outlined above. And I think they could also reasonably have seen that a new device had been added to the account on the same day that the scam payments were made. It is difficult to see how close to the scam this occurred, due to differing time-zones being present on timestamps. But I think this was another indication that Mr M was at risk of financial harm and that the unusual payment was

linked to a scam.

Having carefully considered everything, for the reasons outlined above, I think Revolut should reasonably have done more to stop the payment and if they had have done, I think they could reasonably have revealed the scam. What's left to decide is whether Mr M has acted negligently in a way that has contributed to his losses, which would mean a deduction would be applied to the refund.

Mr M has shown that the scammer was able to spoof Revolut's genuine phone number, and they had information about a transaction on his account. Considering this, I think it was reasonable that Mr M would believe he was genuinely speaking with Revolut. Despite this, Mr M still cancelled the payment twice, as he saw the name match warning and was unsure about the payment. He's said that at that point, the scammers passed him to different 'departments' and he spoke with different 'operators', which added to his belief that he was genuinely dealing with Revolut. And this is what convinced him to make the payment eventually.

Considering this, I don't think Mr M's actions were unreasonable considering how convincing the scam was. Revolut has also said that Mr M was negligent when he allowed a new device to be added to his account. However, it's likely this also formed part of the scam considering it occurred on the same day as the scam payments. And I don't think this supersedes the fact Mr M reasonably believed he was genuinely dealing with Revolut and was being placed under pressure to move his funds quickly. Because of this, I don't think the refund should be reduced.

It should be noted there was a second payment to the scammer, however this was refunded by them, likely to try and convince Mr M not to suspect anything was wrong. As there was no loss, it has not been considered as part of this complaint. However, I do agree it's more likely the payment of £24.49 that Mr M did not recognise formed part of this scam, so this should be included in the refund.

Putting things right

Revolut should refund the £11,924.49 in full, with no deduction, and apply 8% simple interest from the date of payment to the date of settlement.

If Revolut considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr M how much it's taken off. It should also give Mr M a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

I uphold Mr M's complaint against Revolut Ltd and direct them to refund him as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 10 November 2023.

Rebecca Norris
Ombudsman