

The complaint

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

What happened

Mr W received a message from a delivery company and entered his card details to make a payment. Soon after this, he received a call from someone claiming to be from the Revolut team but was actually a scammer. They had spoofed the Revolut phone number, so Mr W believed he was genuinely speaking with someone from Revolut. The scammer read out the attempted transaction and claimed to stop it and block Mr W's card.

One week later, he received another call from the scammer who said his account was at risk and he had to switch to a new account. The scammer was also able to spoof another bank's number who he held an account with which made it more believable to Mr W. He therefore sent £40 followed by £3,140.11 on 18 September 2022, to an account he thought was in his name. When he became aware that this was a scam the following day, he reported the fraud to Revolut.

Revolut issued a final response letter in which they explained they would not be refunding Mr W the £3,180.11. They said they would have provided a warning if the name Mr W input as the beneficiary did not match the name on the intended account. They also said that they did stop this payment initially and asked what the purpose of the transactions was. As Mr W selected 'goods and services' as the reason, Revolut released the payment and processed it in line with his instruction. And they said they had tried to recover the funds once Mr W made them aware of the fraud. However, none remained in the beneficiary account.

Mr W referred the complaint to our service and our Investigator looked into it. They explained that the transfers do not fall within the scope of the Contingent Reimbursement Model ("CRM") code, which provides additional protection to victims of scams. However, Revolut still has a duty of care to protect its customers from fraud. Despite this, the Investigator did not feel the payments in question were enough of a risk to warrant further intervention by Revolut, and that they attempted to recover the funds in a timely manner once they were made aware of the scam. So, they did not agree Revolut needed to refund Mr W.

Mr W disagreed with the findings. He felt that Revolut had not adequately followed the CRM code and had only provided generic warnings. He also did not agree that he received a warning about the name on the beneficiary bank not matching the one he entered for the transaction.

As an informal agreement could not be reached, the complaint has been passed to me.

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.

Firstly, I would like to reiterate that these transactions do not fall under the CRM code as

Revolut has not signed up to be a part of this voluntary code. So Mr W's case does not fall under the same level of protection as one under the CRM would. However, as explained above, Revolut does still have a basic duty of care to its customers.

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.

Broadly speaking, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account. And a customer will then be responsible for the transactions that they have authorised.

It's not in dispute here that Mr W authorised the payments totalling £3,180.11 as he believed he was transferring them to an account in his name. So, while I recognise that Mr W didn't intend the money to go to scammers, the starting position in law is that Revolut was obliged to follow his instruction and process the payments. Because of this, Mr W 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. So, I've also thought about whether Revolut did enough to try to keep Mr W's account safe.

I've firstly considered the transactions in comparison to Mr W's normal account activity, to see if they were out of character for him. While the larger payment of £3,140.11 is of a higher value than most of Mr W's regular transactions, I can see there was another payment of £2,526.83 from the account just the month before, so I don't think the amount was significantly unusual compared to his genuine account activity. And I don't think it was so high to have warranted intervention for that reason alone. In addition, there was still a small balance remaining in the account, meaning the entire balance had not been cleared to nil, which is a sign of these kind of scams. With this in mind, I don't think the payment itself was so unusual to have warranted prior intervention by Revolut, so I don't think it missed an opportunity to reveal the scam.

Revolut has said that the payment for £3,140.11 was picked up for an additional check and they asked Mr W what it was for before releasing it. Mr W selected 'goods and services', as he did not think it would matter what reason he selected. Because of this, I don't think Revolut missed an opportunity to give a more tailored scam warning, which would have happened had Mr W selected the option related to a safe account. As explained above, I don't think Revolut needed to carry out additional checks as I do not consider the transactions to be sufficiently suspicious compared to the normal account activity.

I note Mr W has said he did not receive a warning that the name he input on the payment did not match the name on the account. Revolut does not have evidence of this, though it has confirmed a warning would have appeared if the name didn't match. So, it isn't possible for me to know if the warning appeared or if Revolut made an error here. In any event, as previously set out, I don't think Revolut needed to carry out additional checks and a name not matching would not necessarily change this.

I've finally considered whether or not Revolut tried to recover the funds in a reasonable timeframe. Mr W made the payments in the evening on 18 September 2022 and made

Revolut aware of these the following day. I can see Revolut requested a recall of the funds within 24 hours, however, it was confirmed no funds remained. Unfortunately, it is very common for funds to be removed from the beneficiary account almost immediately after they are credited. So, I don't think Revolut could have reasonably recovered the funds once they were aware of the scam.

My final decision

I do not uphold Mr W's complaint against Revolut Ltd.

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

Rebecca Norris
Ombudsman