

The complaint

Mr H complains that Revolut Ltd did not refund a series of transactions he lost to a scam.

What happened

Mr H saw an advert on a social media platform for an investment which pledged 10x returns on investments with no loss guaranteed. Mr H chose to invest £1,000 on 10 May 2022 via bank transfer and was given access to a website where he could see his returns. The investor who was helping him trade put in another £1,000 on his behalf to increase his returns, which ended up at £23,338. Mr H was told he had to pay 10% of the returns as part of a tax payment to release the funds. So, he sent a further £2,336 to the individual.

Mr H received a tax certificate confirming his payment but was then told that the funds were stuck between banks, and he had to pay a money transfer fee of £1,380. Mr H paid this but soon became suspicious when more money was requested, and he still did not receive his funds. He realised it was a scam and contacted Revolut on 31 May 2022.

Revolut issued a final response letter on 25 August 2022 in which they explained that the initial payment flagged as potentially suspicious, so Mr H was asked to confirm what the payment was for and was given links to Revolut's blog that provided education on different types of scams. So, they felt they had provided adequate warnings.

Mr H referred the complaint to our service and our Investigator looked into it. They felt that Revolut had acted on Mr H's instruction to make the payments and that they were not so unusual that they warranted more intervention than Revolut had already done. So they did not agree that Revolut needed to refund Mr H. In addition, they felt Revolut had acted quickly to attempt to recover the funds, however they were only able to recover £113.11, which they paid to Mr H.

Mr H disagreed with the Investigator's findings and felt the transactions should be treated as unauthorised as he was unaware that he was dealing with a scammer and didn't intend for these payments to be lost. He also felt that Revolut could have contacted the receiving banks sooner to try and recover his funds.

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 agree with the Investigator for largely the same reasons, and I don't direct Revolut to take any further action in relation to Mr H's complaint. I'll explain why in more detail.

I'm satisfied that Mr H has been the victim of a scam and he has provided his conversations with the scammer in which they used tactics to convince him to send them more money over time.

Mr H has asked that we treat the transactions as unauthorised as he did not intend the funds to go to a scammer. However, regardless of the fact that he did not intend for the funds to be used in a scam, Mr H did give his authority for the payments to be made as he carried them out himself. The definition of what is an authorised payment is very clear and in Mr H's case, he did authorise the payments, so this is how I've assessed the case.

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. So, while I recognise that Mr H didn't intend the money to go to scammers, the starting position in law is that Revolut was obliged to follow Mr H's instruction and process the payments. Because of this, Mr H is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers and payment service 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 H's account safe.

Revolut has shown that the first payment flagged as unusual and it was stopped while Mr H was asked what it was for and was given links to literature about well-known scams. Mr H opted not to speak with staff and carried on with the payment. None of the later payments flagged as unusual and there was no further intervention.

I've considered whether I think this was enough in the circumstances and having done so, I think it was. Revolut has taken steps to ensure Mr H was comfortable making the payments and provided him with information when it noticed something may not be right. On balance, considering the payments themselves in comparison to Mr H's normal account activity, I don't think they were so unusual to have warranted a conversation with Revolut prior to them being processed. Their values were not significantly high and there was nothing else that should reasonably have raised suspicion. So, I think this was a proportionate intervention, given the individual circumstances of this case, and I'm not persuaded Revolut needed to do anything more.

I've considered whether or not Revolut should have done more to recover the funds once Mr H made them aware of the scam. In the chat with Mr H, Revolut explained that they contacted the beneficiary banks on 31 May 2022, the same day he reported the fraud. On 6 June it was confirmed they had chased the recipient banks but were still awaiting a response. On 8 July they received a response from one of the recipient banks confirming there was £131.11 remaining, and this was returned to Mr H.

I've seen nothing to indicate that Revolut did not act quickly to try and recover the funds. Unfortunately, scammers will often act as quickly as possible to remove the funds from the beneficiary accounts.

Having considered everything carefully, I think Revolut followed Mr H's instruction to make the transfers and that it did not reasonable have to intervene more than it did prior to the payments leaving the account. And I think they acted quickly to try and recover the funds, however, only £131.11 remained.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 24 October 2023.

Rebecca Norris
Ombudsman