

## The complaint

Mr P complains that Revolut Ltd didn't do enough to prevent the loss he suffered when he sent money to one of their customers as the result of a scam.

## What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here. In 2022 Mr P was sadly the victim of a scam. An email had been interfered with and account details had been changed meaning that when he sent a payment intended for a business 'K' who were to perform a currency exchange for him, it instead went to an account held with Revolut.

The payment in question was for €57,977.18 and was sent on 18 March 2022. It was sent from Mr P's account with his own bank who are based outside the UK. Mr P realised he may have been the victim of a scam and reported this to his own bank on 21 March 2022. Mr P's son (who is a customer of Revolut) also informed them of the problem with the payment the same day.

Mr P says his own bank tried to recall the repayment without success and were told by Revolut that no funds remained. Mr P came to our service and raised a complaint with Revolut. Revolut sympathised but didn't think they'd done anything wrong. One of our Investigators considered the complaint and recommended that Revolut should provide a full refund along with 8% interest. Mr P accepted this outcome, but Revolut didn't. They instead offered to pay Mr P a third of his loss plus interest. This was based upon them concluding that Mr P and his own bank were both also partly responsible for the loss. When Mr P declined this offer, Revolut asked for an Ombudsman to decide the complaint.

In October 2023 I issued a provisional decision in which I said:

*"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've reached a different outcome to that of our Investigator. So I'm issuing this provisional decision to give both sides a further opportunity to comment before finalising my decision.*

*I don't think there were failings by Revolut when opening the account in question. I'm satisfied they followed their process and took appropriate documents from the accountholder when doing so. So, I don't think they could have prevented Mr P's loss in that way.*

*The account that received Mr P's money had only recently been opened. And when his payment arrived, it flagged for further checks on Revolut's system. And before allowing their customer access to the funds they asked for more information about the payment.*

*I've seen the evidence provided by the Revolut customer which takes the form of an invoice with Mr P's name on it. The invoice is dated for a few days prior to the payment and is for the*

same amount that was sent. Revolut accepted this evidence and released the funds to their customer. Revolut clearly had some concerns about the payment as it flagged and they took the above steps. But I don't think it was reasonable for Revolut to accept that invoice and I think they should have gone further.

The evidence provided by Mr P is clear that his payment was intended for K who are a business that perform currency exchanges. K's name was included with the payment instruction and this would have been visible to Revolut when they were carrying out their due diligence in relation to the payment. But I can't see that Revolut challenged their customer about this. And it's difficult to understand how their customer reasonably could have explained this. Revolut should also be aware of common scams including email invoice interceptions. It's common on such scams for there to be a mismatch between the beneficiary information included with a payment instruction and the recipient account holder. Revolut should also be alert to the possibility of evidence being fabricated. And here the account was also newly opened which inadvertently increases the risk, as so little is known about their customer.

In these circumstances, I also don't think it's unreasonable to expect Revolut to take some steps to independently check what their customer is telling them. Ultimately, in these circumstances I don't think Revolut's customer would have been able to provide a satisfactory explanation before Revolut were on notice that Mr P's payment had been made as the result of a scam (which was only a few days later). It follows that I think the full amount of Mr P's loss would have remained available for recovery, but for this failing by Revolut.

I acknowledge that part of Mr P's complaint was about Revolut responding to the notification via his son in a prompt and proper way. But I'm not going to address that in detail as I'm upholding the complaint based on the reasons set out above.

I'm aware that Mr P also complained about his own bank. But I can't consider the actions of that bank here. I'm aware he referred that complaint to his local Ombudsman scheme, the outcome of which was that whilst Mr P's bank didn't accept liability, it paid him £10,000 as a gesture of goodwill.

I also don't think that in the circumstances here it can fairly be said that Mr P was negligent in such a way that it's reasonable for me to make a reduction in award based on that. I've seen the emails that prompted him to make his payment and I don't think there was anything that obviously indicated they weren't genuine. I've also not seen any evidence to support that Mr P was warned about this type of scam by his own bank but carried on despite this. So, I don't think a reduction due to contributory negligence is appropriate in the circumstances of this complaint.

#### Putting things Right

The £10,000 I've mentioned above was paid by Mr P's bank on 10 October 2022. And at that time there was approximately €1.14 to £1. So the gesture of goodwill equates to approximately €11,400. When I deduct this from Mr P's payment it gives us €46,577.18 (€57,977.18 - €11,400). So I think it would be fair and reasonable for Revolut to pay this amount to Mr P.

I also think that 8% simple interest should be added to compensate Mr P for being without funds he otherwise would've had access to. So Revolut should pay 8% simple interest (yearly). This should be paid in the following way:

Between 21 March 2022 (when the scam was reported) and 10 October 2022 (when Mr P

*received the £10,000 from his own bank), Revolut should pay 8% simple interest on €57,977.18.*

*Then from 10 October 2022 until the date of settlement 8% simple interest should be paid on €46,577.18.”*

Mr P responded and said he accepted my provisional decision. Revolut responded to say they had nothing further to add.

### **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.

As neither party had any further evidence or comments for my consideration, I see no reason to deviate from the outcome explained in my provisional decision.

### **My final decision**

For the reasons outlined above, my final decision is that I uphold this complaint. Revolut Ltd must take the steps outlined in 'Putting things Right' above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 20 November 2023.

Richard Annandale  
**Ombudsman**