

## The complaint

Miss A complains that Revolut Ltd did not refund a series of payments she lost as part of a scam.

## What happened

Miss A received a phone call from someone claiming to be from Birmingham Crown Court but was really a scammer. They had managed to spoof the official number of Birmingham Crown Court, as well as Revolut's number. They said that Miss A had been identified as evading tax, and they sent her official looking letters from HMRC claiming she owed them money. She was told they had an arrest warrant for her, and she had to make the payments that day, or she may be deported. Miss A had not been living in the country long and did not have knowledge of our banking and tax systems, so trusted what she was told.

Miss A made a series of transfers to three separate payees in a short space of time. To fund these Miss A used her own funds and was also told to borrow money from friends. She made the following payments on 29 August 2022:

- 12:56:04 - £1,249.00
- 13:21:28 - £995.00
- 13:30:46 - £950.00
- 13:38:07 - £998.00
- 13:55:34 - £707.00
- 14:32:08 - £995.00
- 14:39:03 - £995.00
- 14:43:02 - £510.00

The scammer then told Miss A the incorrect amount had initially been quoted and she owed a further £3,500. At this point she became very upset and eventually the scammer hung up. Miss A called the police immediately who recommended she contact Revolut and Action Fraud, which she did.

Revolut issued a final response in which they explained they would not refund Miss A. They said they had provided warnings to Miss A prior to the payments being made, such as the name of the payee she input not matching the one on the account. And that some of the payments flagged as suspicious so required additional checks and they asked Miss A what these payments were for. Finally, they said they had tried to recover the funds within a reasonable timeframe, so did not agree they had made an error.

Miss A referred the complaint to our service and our Investigator looked into it. They explained that they did not think Revolut had done enough to protect Miss A from suspected fraud due to the pattern of spending during the scam, and they didn't think they had asked sufficient probing questions to get to the heart of the issue when they had concerns. With this in mind, they recommended a full refund of the transactions, as well as 8% simple interest from the date of the scam to the date of settlement.

Revolut did not agree to the outcome and pointed to their previous reasons for why they felt they had done enough in this case.

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 payments and if they 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 Miss A's actions. I'll explain why in more detail.

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 Miss A authorised the series of payments as she believed they were going to pay taxes she owed. So, while I recognise that Miss A didn't intend the money to go to scammers, the starting position in law is that Revolut was obliged to follow Miss A's instruction and process the payments. Because of this, Miss A 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 Miss A's account safe.

When considering the transactions as a whole, I think there were clear signs that Miss A was at risk of financial harm. She made a series of payments in quick succession and made a number of credits to the account which were slowly drained and she added multiple new payees to the account and sent funds to them straight away.

In addition, for the first payment, I can see that Revolut flagged this for additional checks as it was suspicious. As a result, Miss A was asked what the purpose of the payment was and she selected 'safe account'. A common type of scam is known as a safe account scam, where an individual is convinced to transfer their balance to a new 'safe' account which is actually under the control of a scammer. Miss A also input the name of the beneficiary as her own, which is another common sign of a safe account scam. It is very unlikely that the genuine name on the account matched what Miss A input, meaning Revolut would have been aware of the mismatch. Considering all of this, even though the payment was not of a high value, I think Revolut should have asked probing questions about this payment.

I cannot see that they did however and instead they allowed the payment to be processed

after Miss A confirmed the purpose. And considering the type of scam Miss A was a victim of, I think that probing questions by Revolut would have revealed it. I say this because basic questions such as 'what is the payment for' would have revealed that Miss A was attempting to pay taxes by transferring funds to a personal account, which is a clear sign of a scam. What's left to decide is whether Miss A has acted negligently in a way that has contributed to her losses, which would mean a deduction would be applied to the refund.

Miss A has shown that the scammer was able to spoof the phone number of a court, as well as Revolut's phone number. And they provided Miss A with official looking letters from HMRC demanding taxes be paid immediately. So, I can understand why Miss A thought she was dealing with officials. In addition, Miss A had not been living in the country for very long and was not knowledgeable about the banking industry or tax services. With this in mind, I don't think Miss A's actions were unreasonable in the circumstances and I don't think the refund should be reduced as a result.

### **Putting things right**

Revolut should refund all of the transactions, as I think they should have asked probing questions about the first payment which would likely have revealed the scam.

Revolut should also add 8% simple interest from the date of the payments 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 Miss A how much it's taken off. It should also give Miss A a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

I uphold Miss A's complaint against Revolut Ltd and direct them to refund her in line with what I've said above.

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

Rebecca Norris  
**Ombudsman**