

## **The complaint**

C, a sole trader, is unhappy that Revolut Ltd has refused to refund the money he lost after falling victim to a scam.

## **What happened**

The circumstances that led to this complaint are well known to both parties, so I won't repeat them in detail here. But, in summary:

- In September 2022, C received a 'spoofed' call from someone who said they worked for his bank but who, ultimately, turned out to be a scammer. The scammer persuaded C that his account was under attack and he needed to move his money to a safe place. C moved £24,000 followed by £3,046.04 from his personal account to his business account with Revolut. He then moved a total of £29,551.34 (via four transactions) from his business account to the scammer's account(s).
- Revolut said it had given C sufficient warnings that he might be falling victim to a scam and so refused to refund any of the money he'd lost. It also tried, but was unsuccessful, in recovering any more from the bank and account to which his money was transferred.
- Our investigator thought Revolut ought to have done more to protect C and prevent his losses. So she recommended that Revolut refund his losses along with interest. Revolut agreed to refund 50% of C's losses but C did not agree. So the complaint has come to me.

I asked Revolut informally to reconsider its position and to fully refund C - but it said it had no further comments and would wait for my 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.

In deciding what's fair and reasonable, I'm required to take into account relevant law and regulations; regulatory rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

It is the case that C authorised the transfers in dispute and that's accepted by all parties. And under the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means C is responsible for them - even though C was the unfortunate victim of a scam.

But Revolut should be on the lookout for, and help to prevent, payments that could involve fraud or be the result of a scam.

It's not in dispute that Revolut's fraud detection systems were triggered when C tried to make the first payment of £24,000 between his own accounts and Revolut says C was provided with a warning relating to safe account scams. But Revolut seems to have accepted it could have done more – as reflected in its offer to refund 50% of C's losses.

As Revolut has accepted its part in this case, I won't go into detail here. But I do agree it could have done more. A payment to a 'safe account' is usually typical of a scam, and this, added to Revolut's own risk analysis, amounted to a 'red flag'. And therefore, Revolut should've contacted C to question him further about what was going on when he transferred the funds from his personal to business account. If it had, I think it's more likely than not the scam would've been uncovered and prevented.

This decision therefore focuses on the outstanding dispute between the parties – whether C should bear some of the responsibility for his loss.

*Should C bear some responsibility for the loss?*

In reaching my conclusions about what is fair and reasonable in this case, I have also considered whether C should bear some responsibility for his loss.

C has provided evidence of the telephone numbers and calls he received which all appeared genuine (as a result of 'number spoofing'). C says the advisers guided him through the process and told him to ignore the warnings. C also said the warning did not raise any alert as he got the same warning for the transfers between his own internal accounts.

C has also explained and provided evidence to show the texts he received that he thought were from his other bank(s). The texts appear in the text chain of his genuine communication with his other banks and this further convinced him this was genuine.

I appreciate there was a gap of around one hour and 45 minutes between one set of transfers and the next – but the screen shot of the calls C had - shows he was on the call to the scammer for two hours and 17 minutes from 18:28. This means the call would have lasted up to around the time of the last transfer from C's business account. This of course is a deliberate tactic by the fraudster/s to create pressure and fear – in the hope it would disrupt C's thinking and make him more compliant. On balance, I'm satisfied this happened here to C and that in all the circumstances, his response was not unreasonable.

All things considered, C was the victim of a cruel and sophisticated scam. I am satisfied he believed he was liaising with his genuine banking providers at the time and didn't foresee the risk of this sort of harm and was not partly to blame for what happened. So, on the particular facts of this individual case, I don't consider it fair to reduce compensation for some of the loss due to any blameworthy acts or omissions by C.

### **Putting things right**

To put things right, Revolut Ltd should now:

- Pay C a refund of the money that was lost to the scam (so £29,551.34)
- As C has been deprived of the use of those funds, Revolut Ltd should also pay 8% simple interest from the date of the transfers 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 C how much it's taken off. It should also give C a tax deduction certificate if it asks for one, so C can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

My final decision is I uphold this complaint and require Revolut Ltd to put things right for C as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 6 September 2023.

Kathryn Milne  
**Ombudsman**