

The complaint

Mr B complains that Revolut Ltd won't refund money he lost when he was the victim of a scam.

What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

In May 2023 Mr B was the victim of an HMRC impersonation scam. He received a call from the scammer, threatening him with criminal charges unless he paid £1,000 – thereby avoiding arrest and unblocking his passport. Mr B has explained the scammer knew all his banking information, sent him a PDF with his name on HMRC letterheaded paper showing the charges, and connected him to another telephone number which he believed to be the criminal court in London (as he searched it online).

Mr B made the following payments to the scammer:

Date (time)	Type	Amount
11 May 2023 (10:31)	Faster payment	£500
11 May 2023 (10:53)	Faster payment	£500
Total:		£1,000

Mr B realised he'd been scammed when, after making the payments, the scammers went silent. He contacted Revolut to inform them of the scam but they explained they wouldn't reimburse the payments as, before the payment authorisation, they had protections in place to warn him about the risk of sending the funds.

Revolut also sent a final response letter to Mr B which, in short, said:

- Their account terms say they'll try to get the money back from the beneficiary but recovery isn't guaranteed. And they would let Mr B know the recovery outcome via their in-app chat support as soon as the process was finalised.
- The payment was detected as being made to a new beneficiary and they provided a warning which explained if Mr B was unsure whether he knew and trusted the payee, he shouldn't pay them as they may not be able to help get his money back. Mr B acknowledged this warning and continued with the transfer.
- They also detected the transfer as out of character and it could be a scam. So, they stopped the transfer and directed Mr B to their blog in which they instruct their customers on the different types of scams. After dismissing this warning, Mr B was free to make another transfer to the same beneficiary.
- Revolut isn't liable for these authorised transactions and they'd treated Mr B fairly, fulfilling their duty to protect him.

Later that day, Revolut told Mr B they'd try to recover the funds from the beneficiary account but they'd received confirmation that no funds remained.

Mr B referred his complaint to the Financial Ombudsman. He set out how the scam occurred but also explained that it has had a significant impact on him – causing financial hardship, affecting his mental health and his ability to deal with his day-to-day needs.

Our Investigator considered the complaint but he didn't think Revolut had to do anything further. He said he didn't think the two £500 payments would've been sufficiently unusual or suspicious to Revolut to have expected them to have done anything more than the in-app warnings they provided. Because of this, he didn't think Revolut ought to have prevented the scam.

Mr B disagreed and so the matter has been passed to me to decide. Mr B feels Revolut should be responsible for the fraudulent activities he fell victim to and, in short, has added:

- Revolut should've had suspicions regarding the payments given their value and the unusual nature of the transactions. It is their responsibility to detect and prevent fraudulent activities, particularly involving large sums of money.
- Revolut provide the in-app warnings every time a payment is made to a new account, even if it's a family or friend's account. Since it shows up for every payment, it's difficult to know whether the payee account is legitimate.
- These warnings were insufficient in mitigating the risk and Revolut should've taken additional steps, such as contacting him by phone or webchat, to ascertain the legitimacy of the transactions before processing them.
- Revolut wouldn't reveal the payee bank details or the account holder names after he notified them of the scam. And this matter should've been easy to sort given he raised the complaint within 24 hours.
- He also questions why banks provide accounts to scammers and whether there's any background checks undertaken when transactions happen with them frequently.
- He contacted Revolut as soon as the scam call ended but it took them more than two hours to respond via their chat.

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.

I'm sorry Mr B has been the victim of a scam and lost a significant amount of money. I want to assure him that I don't underestimate the impact this has had on him, both financially and on his personal life. But it would only be fair for me to direct Revolut to refund his loss if I thought they were responsible. And, for similar reasons as our Investigator, I'm not persuaded that this was the case. I'll explain why.

Revolut isn't signed up to the Contingent Reimbursement Model (CRM) code which can offer a potential means of obtaining a refund following Authorised Push Payment (APP) scams. I've therefore considered whether Revolut should reimburse Mr B under any of their obligations.

In broad terms, the starting position in law is that an electronic money institution (EMI), such as Revolut, is expected to process payments their customer authorises them to make. It isn't disputed that Mr B knowingly made the payments from his Revolut account and so, I'm satisfied he authorised them. Therefore, under the Payment Services Regulations 2017 and the terms of their account, Revolut are expected to process Mr B's payments and he is presumed liable for the loss in the first instance.

However, taking into account regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Revolut to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

So, the starting point here is whether the instructions given by Mr B to Revolut were unusual enough - in relation to his typical account activity – to have expected Revolut to have identified Mr B was at risk of financial harm from fraud.

Having reviewed Mr B's account statements, it was typically used for low value day to day spending along with the occasional higher value payment (of several hundred pounds). The two £500 payments were, therefore, for more than Mr B normally spent on his account in a typical day. And so, I think it was reasonable for Revolut to provide Mr B with the online warning that he shouldn't proceed with the payment if he was unsure he knew or trusted the payee. I also believe it was appropriate for Revolut to direct Mr B to their scam blog – which gave advice on how to be fraud aware.

I understand Mr B says, given the online warning appears on all payments, it was difficult for him to ascertain whether the payee was legitimate. I appreciate Mr B was under duress at the time of the scam, given he was being threatened with criminal charges, and so would've been less likely to have taken the time to stop and read the warning. I can't however fairly hold Revolut responsible for this, or if Mr B didn't act on the warning due to it being provided on other payments too. I think it was reasonable for Revolut to have provided the online warning, regardless of whether it had been provided previously, before proceeding.

Mr B thinks Revolut should've gone further than providing online warnings before processing the payments, such as contacting him by phone or webchat. Although Revolut should be on the lookout for signs their customers are at risk of financial harm from fraud, they – like other banks and EMIs – must strike a balance between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate. And here, I don't think the two £500 payments were so unusual or out of the ordinary – given Mr B had previously made payments of several hundred pounds – for Revolut to have suspected Mr B was at significant risk of financial harm from fraud. Because of this, I wouldn't have expected Revolut to have done anything more before following the instructions Mr B gave.

I'm aware Mr B is also unhappy about how long it took Revolut to respond when he first contacted them about the scam, and that they wouldn't reveal the payee's details to him. He also feels the matter should've been easy to sort as he contacted Revolut within 24 hours of the scam happening.

Having reviewed the chat history, I can see that it took about an hour for Revolut to respond. While I appreciate this delay would've been worrying for Mr B, I'm satisfied that, even if they had responded sooner, it wouldn't have made a difference to the recovery of funds. This is because the beneficiary account provider confirmed the funds had already been moved prior to Mr B notifying Revolut about the scam. And, although I appreciate Mr B's reasons for wanting the payee's details, Revolut couldn't disclose them for data protection reasons – which, given Revolut are required to comply with relevant data protection legislation, I think was reasonable.

On a final note, Mr B has questioned why accounts are provided to scammers and what, if any, background checks are undertaken when transactions happen with them frequently. Although I understand Mr B's concerns, I'm only looking at the actions of Revolut here – so, I'm not considering how the beneficiary account was set up by the scammer or what checks the provider carried out. Revolut did however notify the payee's account provider upon being notified of the scam, as I'd expect, and it was then for that provider to act on that information.

I know this won't be the outcome Mr B is hoping for but, for the above reasons, I don't think Revolut is responsible for the loss he suffered. It follows that I'm not going to tell them to do anything further.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 19 October 2023.

Daniel O'Dell
Ombudsman