

The complaint

Mrs B says Revolut Ltd (“Revolut”), didn’t do enough to help when she fell victim to an ‘impersonation’ scam. She says Revolut should reimburse her for the money she lost.

What happened

As both parties are familiar with the circumstances of this complaint, I’ve summarised them briefly below.

In summary, Mrs B fell victim to an impersonation scam. She was contacted by someone whom she believed to work for HMRC. Mrs B was sadly duped into making the following payments as a result of the scam:

<i>Date</i>	<i>Type of transfer</i>	<i>Amount</i>
14/02/2023	Faster payment	£1,910
14/02/2023	Faster payment	£320

Mrs B realised she had been the victim of a scam and reported the matter to Revolut through its live chat to see if her funds could be reimbursed or recovered. Ultimately Revolut didn’t consider it was liable for the losses Mrs B incurred and advised it wasn’t able to recover any of the funds.

Unhappy, Mrs B brought her complaint to our service. Our Investigator reviewed the matter and didn’t recommend the complaint be upheld. They were satisfied Mrs B had authorised the transfers and they didn’t think Revolut ought to have done more to identify the payments as potentially fraudulent in the circumstances. They didn’t consider Revolut ought to have had a cause for concern that Mrs B was potentially at risk of financial harm, or that she was falling victim to a scam to an extent that it ought to have intervened and questioned her further about the transfers.

With regards to the recovery of any funds, Revolut explained that the receiving account (the account where the funds had been sent to) while a Revolut account, it was based outside of the United Kingdom, so it had no powers to demand that any funds be returned. But it also evidenced that it had received a response from the beneficiary bank advising that no funds remained that could be recovered aside from £0.03p. Our Investigator considered there wasn’t anything further that Revolut could do to recover the funds.

Mrs B disagreed with the Investigator’s opinion and thought more should have been done by Revolut to prevent her losses.

As Mrs B disagreed with the Investigator’s opinion, and as the matter hasn’t been resolved, it’s been passed to me to decide.

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 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 have been good industry practice at the time.

I'm aware that I've summarised this complaint and the responses briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here – which is to determine whether Revolut should have done more to prevent Mrs B's losses. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

Having thought very carefully about Revolut's actions, I'm not upholding Mrs B's complaint. I do appreciate how disappointing this will be for her. Mrs B was a victim to a cruel scam. But in weighing everything up, I don't think I can fairly say Revolut should reimburse her. I'll explain why.

In broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the customer's account.

Here, Mrs B carried out the bank transfers herself from her Revolut account. So it is the case that Mrs B authorised all the transfers that are in dispute. And under the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means Mrs B is responsible for them. That remains the case even though Mrs B was the unfortunate victim of a scam.

There are times when I might expect a Firm to question a transaction or payment, even though it may have been properly authorised. Broadly speaking, Firms like Revolut have certain obligations to protect customers from fraud.

In this case, I need to decide whether Revolut acted fairly and reasonably in its dealings with Mrs B when she made the transfers, or whether it should have done more than it did.

I've thought about this carefully. Having done so, I can't fairly say that any of the transfers Mrs B made in relation to the scam would (or should) have alerted Revolut that Mrs B was at risk of financial harm, to an extent whereby it should have carried out some additional checks beyond what it did, before processing the transfers. So I don't consider Revolut are liable for the losses Mrs B incurred. I'll explain why.

I have to be mindful that banks / payment service providers process a high volume of transfers and transactions each day. And Firms have to strike a balance as to when it should possibly intervene on a payment against not holding up or delaying its customer's requests. I don't consider there is anything unusual or remarkable about the transfers or the amounts that ought to have alerted Revolut to the possibility Mrs B was being scammed or was at risk of financial harm.

Overall, I don't think there were grounds for Revolut to be suspicious Mrs B may be a victim of fraud when she made the transfers to such an extent where I would expect them to intervene and carry out some additional checks or question her further about the transfers. So I can't fairly say Revolut could have prevented her losses or is liable in some way.

Recovery of the funds

Revolut advised that the receiving account (the account where the funds were sent to) was based abroad. Revolut didn't have the powers to seek any recovery. However it was provided with evidence to show that the funds Mrs B sent had unfortunately already been moved on barring £0.03p. So there wasn't anything further Revolut could have done to help Mrs B recover her funds.

In summary, while I appreciate Mrs B's been the unfortunate victim of a cruel scam, I think Revolut's decision not to refund her in this instance was fair and reasonable in the circumstances. I say this because Revolut followed Mrs B's instructions to make the transfers and I haven't seen any reason why it shouldn't have done this. And unfortunately, there wasn't anything further Revolut could do to help Mrs B recover her funds.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 29 September 2023.

Matthew Horner
Ombudsman