

The complaint

Mr R has complained that Revolut Ltd won't refund money he paid for items he did not receive.

What happened

Over the course of around a month, Mr R made three online transfers, for between £120 and £275, from his Revolut account to someone posing as a seller online. Over a month after making the final transfer Mr R hadn't received the items he'd intended to buy and said that the seller had "ghosted him". So Mr R got in touch with Revolut.

Revolut advised Mr R to report the loss to Action Fraud. It said it also contacted the beneficiary bank to try to freeze and recover the money but, unfortunately, it was unsuccessful in doing so.

Revolut said that it had looked into the transactions but did not think it could be held responsible for the loss. It said it had processed the transfer which Mr R requested and a fraud prevention warning was in place which asked Mr R if he trusted the seller and wanted to proceed. It said Mr R acknowledged this warning and went ahead with the transfer. Revolut said the transfers were not out of line with the other transactions from his account and, while it had tried to recover the money, its terms and conditions say that recovery of money in these circumstances is not guaranteed. For these reasons, Revolut said it would not be reimbursing Mr R for his loss.

Unhappy with Revolut's response, Mr R brought his complaint to us.

Our investigator looked into Mr R's complaint but did not recommend that it be upheld as he did not think there was any reason for Revolut to be concerned or question the payments.

Mr R asked for an ombudsman's decision. He said he was defrauded not scammed because he had previously bought and received items from this seller. He said he knew the receiving account regularly had money in it so Revolut had not done enough to recover the money. He asked for evidence to show that Revolut had tried to recover the money through a chargeback.

Our investigator said that Mr R had paid by an online transfer which meant Revolut could not carry out a chargeback.

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.

When complaining to us, Mr R said that his loss was "clearly an APP scam" and when reporting the missing items to Revolut he also referred to a scam. However, more recently Mr R said he had previously successfully bought items from the seller. It's therefore unclear whether Mr R was the victim of a scam, but I don't think that matters to the outcome of my

decision because, in either circumstance, I do not think Revolut needs to reimburse the money.

If Mr R was the victim of a scam, the starting point under the relevant regulations – the Payment Services Regulations 2017 – is that Mr R is responsible for payments he's authorised himself. But, taking into account the relevant rules and guidance and what I consider to have been good industry practice at the time, I think Revolut ought, fairly and reasonably, to have been on the lookout for unusual and out of character transactions that might indicate its customer was at risk of financial harm from fraud.

Where a firm like Revolut does have grounds to be concerned about a payment, I think it should reasonably take steps to warn its customer about the risk of proceeding. Whether a warning should be provided (and, if it should, the nature and extent of that warning) should be proportionate to the risk the payment presents and strike a balance between trying to protect customers and not unduly inconveniencing them. I must also take into account that applying significant friction to all payments would be very onerous and would likely be impractical for Revolut.

In this particular case, the transfers Mr R made were relatively low value and not particularly out of character with other payments he'd made. So I don't think the transactions were so unusual that Revolut needed to have intervened.

Revolut also said it provided a warning which said, "Do you know and trust this payee? If you're unsure, don't pay them, as we may not be able to help you get your money back" Despite this warning, Mr R went ahead with the payment. I think this warning was proportionate to the risk presented.

Revolut has provided evidence to show that once the loss had been reported it contacted the beneficiary bank to recover the money. It has also provided evidence from that bank which said that the money was removed from the seller's account on the same day of each transfer and that there were no funds in the account to recover the money. Mr R believes that the seller is still trading and would have money in its account. But, as Revolut let the beneficiary bank know that Mr R had disputed the transactions, and provided evidence that there was no money in the account, I'm satisfied that Revolut acted reasonably in trying to recover Mr R's money and could not have prevented the loss by its actions.

I understand that Mr R has previously made successful purchases from this seller and he therefore believes that Revolut should have carried out a chargeback. However, Mr R made this purchase using an online transfer rather than a card payment and it is not possible to carry out a chargeback on an online transfer.

I appreciate Mr R's frustration that he made payments for items that he did not receive, but in this particular case, I do not think Revolut needs 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 R to accept or reject my decision before 11 December 2023.

Sarann Taylor
Ombudsman