

The complaint

Mr A complains that Revolut Ltd hasn't protected him from losing money to a scam.

What happened

The details of this complaint are well known to both parties, so I won't repeat everything here. In brief summary, Mr A has explained that in October 2022 scammers persuaded him his banking was compromised, and they tricked him into making payments from his HSBC account to his Revolut account, and from his Revolut account to various merchants.

The relevant card payments from Mr A's Revolut account were as follows.

Payment number	Date	Amount (£)
1	03 October 2022	3,000
2	03 October 2022	1,200
3	03 October 2022	1,200
4	03 October 2022	970
5	03 October 2022	500
6	03 October 2022	1,200
7	03 October 2022	200
8	03 October 2022	105
Total		8,375

Ultimately, Mr A didn't reach agreement with Revolut about things, so he referred his complaint about Revolut to us. One of our Investigators looked into things but was unable to resolve matters informally. The matter has therefore been passed to me for a decision.

I sent Mr A and Revolut my provisional decision in August, which they both responded to. I'm now ready to explain my 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've decided to uphold Mr A's complaint in part for materially the same reasons as explained in my provisional decision. I've explained why again below.

Let me say again, first of all, I have no doubt Mr A has been the victim of a scam here. He has my heartfelt sympathy. Ultimately, however, Mr A has suffered his loss because of fraudsters, and this doesn't automatically entitle him to a refund from Revolut. It would only be fair for me to tell Revolut to reimburse Mr A his loss (or part of it) if I thought Revolut reasonably ought to have prevented the payments (or some of them) in the first place, or Revolut unreasonably hindered recovery of the funds after the payments had been made; and if I was satisfied, overall, this was a fair and reasonable outcome.

Prevention

I'm satisfied Mr A authorised the relevant payments, albeit he was tricked by scammers into doing so. Revolut would generally be expected to process payments a customer authorises it to make. And under The Payment Services Regulations and the terms and conditions of the account, Mr A is presumed liable for the loss in the first instance, in circumstances where he authorised the payments. That said, as a matter of good industry practice Revolut should have taken proactive steps to identify and help prevent transactions – particularly sufficiently unusual, uncharacteristic or suspicious transactions – that could involve fraud or be the result of a scam. However, there are many payments made by customers each day and it's not realistic or reasonable to expect Revolut to stop and check every payment instruction. There's a balance to be struck between identifying payments that could potentially be fraudulent, and minimising disruption to legitimate payments.

The prior activity of Mr A's Revolut account is an important consideration when considering whether these payments were sufficiently unusual or uncharacteristic for the account such that Revolut should have paused the payments, pending further enquiries, before allowing them through.

Mr A had his Revolut account since 2019 and looking at the account history it's only in September 2022 that I can see any payments (before the scam) for more than £610. So, the payments made from his account were typically small (compared to the scam payments). The only exception to this that I can see is in September 2022 (as I've said): on 20 September 2022 Mr A received 5,000 EUR into his account; he then exchanged this to GBP; and he then paid this amount (£4,355.85) out from his Revolut account.

In these circumstances, I don't think I can fairly say Revolut ought to have been obliged to intervene in the first two payments Mr A made from his Revolut account as a result of the scam – I don't think they were unusual or suspicious enough at that point. However, on payment three, given Mr A instructed payments one to three (as a result of the scam) within a period of just 18 minutes, which collectively totalled £5,400 for crypto exchanges, noting that the last two of these three payments were headed to the same crypto exchange (and for exactly the same amount with a space of just one minute between them), I do think Revolut's systems reasonably ought to have flagged the third payment for checks. These payment instructions collectively *were* unusual for Mr A's account; and, in my view, sufficiently so such that Revolut ought reasonably to have paused the third payment, pending enquiries with Mr A, to check he wasn't at risk of financial harm.

I have no doubt that had Revolut intervened in payment three (as I think it reasonably ought to have done) by pausing the payment and speaking with Mr A, it would have unearthed the scam and it would have prevented Mr A's third and subsequent payments from his Revolut account out to the scam. I'm satisfied, therefore, that if Revolut had done what it reasonably ought to have done, Mr A wouldn't have lost payments three to eight, which total £4,175.

Recovery

When Mr A told Revolut he'd been scammed, Revolut should have done its best to try to get his money back. However, because these were card payments, after these payments were instructed and executed (and irrespective of whether they showed as 'pending' or not), the only potential avenue for recovering these payments would have been via the chargeback scheme.

The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. Revolut is bound by the card scheme provider's chargeback rules. Whilst there is no 'right' to a chargeback, I generally consider it to be good

practice that a chargeback be raised if there is a reasonable chance of it succeeding. But a chargeback can only be made within the scheme rules, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. Time limits also apply.

In this case, Mr A made the payments from his Revolut debit card directly to the merchants (which the parties will be aware were crypto exchanges, a hotel, and a restaurant), not directly to the scammers. This means the merchants here, for chargeback purposes, would have been these merchants (not the scammers). Even though Mr A was tricked into paying these merchants, I don't think he would have been able to show, for chargeback purposes, that the merchants didn't provide the services they were instructed to (albeit not to Mr A who was cruelly tricked). Unfortunately for Mr A, this means I don't think these payments were recoverable by Revolut through the chargeback scheme after they had been made. So I am satisfied Revolut didn't miss an opportunity to recover the payments after they were sent.

Putting things right

I've explained why I'm satisfied that if Revolut had done what it should have, the loss of payments three to eight would most likely have been prevented. These payments total £4,175.

I've thought about whether Mr A should bear some responsibility for this loss by way of contributory negligence (which might justify a reduction in compensation). And I've considered Revolut's points made in response to my provisional decision. I remain satisfied, however, that it wouldn't be fair to apply a contributory negligence deduction in this case.

Revolut has said that: the merchants' names would have been clearly displayed on Mr A's screen each time he authorised them through the Revolut app; so he would have known the payments were going to the merchants; and this ought to have seemed strange to him considering this was supposed to be a 'safe account' scam but no money was being moved to another bank account. But Mr A has explained that he asked the scammers about why the transactions were going to the merchants concerned, and he was reassured that this was a cover to prevent hackers (trying to empty his account) from tracking where his money was really going, so that whilst it looked like the money was going to those merchants it was really going to a new safe account for Mr A's protection. I find what Mr A has said about this plausible, and I'm persuaded he was genuinely tricked here by resourceful and clever scammers.

Revolut has also said Mr A must have provided the fraudsters with his full card details otherwise the payments would not have been possible; and that Mr A had time to think because there was a gap of almost two hours between the first and last transactions, and he topped up his Revolut account in the meantime. However, this is a case where Mr A was tricked by scammers into authorising the payments himself. And I don't think the question of whether Mr A did or did not provide his card details to the scammers posing as his bank should make a difference in this case. Further, Mr A has plausibly maintained that he was on the phone with the scammers for over two hours, and I'm satisfied the scam seems to have been drawn out over that time with the scammers persuading and tricking Mr A into moving money from his HSBC account to his Revolut account and then on from there for the scammers' purposes.

Overall, I'm satisfied from what I've seen that Mr A felt pressure to act quickly, that he was tricked by resourceful and clever scammers; and that I can't fairly say he acted with such carelessness, or disregard, that a deduction for contributory negligence would be appropriate here. So whilst there may be cases where a reduction in compensation for contributory negligence is appropriate, I'm satisfied this isn't one of them.

So, Revolut should pay Mr A £4,175. It should also pay Mr A interest on this amount calculated at 8% simple per year from the date of loss to the date of settlement.

Finally, I've considered whether Revolut should pay Mr A compensation for the distress and inconvenience he's experienced as a result of Revolut's actions. In considering this, I've specifically thought about the impact of Revolut's actions, rather than the impact of the crime itself. Revolut's failure to act has had an impact on Mr A, not least because he has been facing the very real possibility for some time that he would not get (some of) his money back. As I've explained, Revolut had the opportunity to prevent payments three to eight being lost to the scam. For these reasons, I'm satisfied Revolut should pay Mr A £200 for distress and inconvenience.

My final decision

For the reasons explained, I uphold this complaint in part, and I direct Revolut Ltd to pay Mr A:

- £4,175; plus
- interest on this amount calculated at 8% simple per year from the date of loss to the date of settlement (if Revolut deducts tax from this interest, it should provide Mr A with the appropriate tax deduction certificate); plus
- £200 for distress and inconvenience.

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

Neil Bridge
Ombudsman