

The complaint

Ms M complains that Revolut Ltd didn't do enough to protect her from the financial harm caused by a scam, or to help her recover the money once she'd reported the scam to it.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Ms M was the victim of an employment scam. In May 2023, she received a message from someone who I'll refer to as "the scammer" having left her details on several employment sites. The scammer claimed to have an opportunity for Ms M to work for a company I'll refer to as "W". The role, which involved optimising apps, required Ms M to deposit funds to a fake platform before completing tasks in return for a commission.

She started work on 6 May 2023, and when her account started to show a negative balance, the scammer told her to make payments to the platform, which she did from accounts she held with other banks. And when she was prevented from making any further payments, she opened a Revolut account on the instruction of the scammer and transferred £2,000 to the platform by faster payment on 16 May 2023.

She realised she'd been scammed when the deposits she was told to make started to increase and she was unable to get in touch with the scammer. She contacted Revolut and it apologised for the tone of its support agents.

But it refused to refund any of the money she'd lost. It said it had tried to recover the funds from the beneficiary account but no funds remained. It also said that because she was transferring funds to a new beneficiary she was shown the following warning, which she acknowledged before continuing with the transfer: *"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."* It said it the warning was sufficient and it wasn't at fault for processing the transfers as she authorised it.

Ms M remained dissatisfied and so she complained to this service arguing she didn't authorise the transaction because she didn't know she was talking to a fraudster. She said Revolut failed to block the payment even though she'd opened the account and paid out a large sum out within minutes. She said she wanted it to reimburse her loss and compensation her for the lack of empathy when she reported the scam.

Revolut said that as the transfer was sent to a new beneficiary she was shown its "Account Review" warning screen and she was also asked to give a payment reason. She chose 'Transfer to a Safe Account', as instructed by the scammer which led her to five screens, before she authorised the payment. It said if she'd chosen 'something else' it might have had a clearer idea of what was happening and asked for more information.

It argued that the transaction was correctly identified as slightly suspicious and the warnings were sufficient. It said the account was opened solely for the purpose of the scam so it didn't

have a profile on Ms M's usual spending to detect if the payment was suspicious, therefore its actions were proportionate to the risk and it didn't miss a chance to prevent her loss. Finally, it said that shortly after Ms M reported the scam it contacted the recipient account to try and recover the lost funds but the funds left the system on the 17 May 2023.

Our investigator didn't think the complaint should be upheld because she felt there was nothing Revolut could've reasonably done to prevent Ms M's loss. She explained the disputed payment was relatively low value and it didn't follow any concerning scam pattern or trend such as multiple payments in quick succession, an increase in spending or multiple large value transactions in one day. So she didn't think Revolut needed to stop or question the payment. She was also satisfied Revolut had tried to recover the funds, but no funds remained.

Ms M has asked for her complaint to be reviewed by an Ombudsman. She has argued that as the account was newly opened, there wouldn't have been any payments in quick succession, an increase in spending or multiple large value transactions. She's argued that it wouldn't have needed to see a suspicious pattern of payments because she was a new customer making a large transfer, so it ought to have contacted her or asked her to attend a branch. And had it done so she would have told it about the job and the scam would have been prevented.

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 reached the same conclusion as our investigator. And for largely the same reasons. I'm sorry to hear that Ms M has been the victim of a cruel scam. I know she feels strongly about this complaint and this will come as a disappointment to her, so I'll explain why.

I'm satisfied Ms M 'authorised' the payments for the purposes of the of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although she didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of her bank account, Ms M is presumed liable for the loss in the first instance.

There's no dispute that this was a scam, but although Ms M didn't intend her money to go to scammers, she did authorise the disputed payment. Revolut is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

Prevention

Revolut was an emoney/money remittance provider and at the time these events took place it wasn't subject to all of the same rules, regulations and best practice that applied to banks and building societies. But it was subject to the FCA's Principles for Businesses and BCBS 2 and owed a duty of care to protect its customers against the risk of fraud and scams so far as reasonably possible.

I've thought about whether Revolut could have done more to prevent the scam from occurring altogether. Revolut ought to fairly and reasonably be alert to fraud and scams and this payment was part of a wider scam, so I need to consider whether it ought to have done more to warn Ms M when she tried to make the payment.

If there are unusual or suspicious payments on an account, I'd expect Revolut to intervene with a view to protecting Ms M from financial harm due to fraud. Revolut has explained that because Ms M was paying a new beneficiary, she was presented with a warning asking if she knew and trusted the payee, which she acknowledged before proceeding with the payment. This was a newly opened account with no spending history to compare the payments with and I accept there wouldn't have been a suspicious pattern of payments. But the payment wasn't high enough to have raised concerns, so I'm satisfied the warning was proportionate to the risk and that there would have been no reason for it to contact her or ask her to attend the branch.

Significantly, because Ms M said she was moving money to a safe account, Revolut was prevented from asking any further questions which might have uncovered the scam. I accept this response in itself should have raised concerns but Revolut has produced evidence that she was presented with written warnings about the risk of safe account scams, which she acknowledged before authorising the payment. In the circumstances I don't think there was anything else it could reasonably have done to prevent Ms M's loss and so I can't fairly ask it to do anything to resolve this complaint.

Compensation

Revolut has apologised for the fact Ms M felt there was a lack of empathy when she reported the scam. I'm satisfied an apology addresses the impact of its failings and in the circumstances I don't think she's entitled to any compensation.

Recovery

Revolut has explained that it tried to recover the funds from the recipient account and that no funds remained.

Overall, I'm satisfied Revolut took the correct steps prior to the funds being released – as well as the steps it took after being notified of the potential fraud. I'm sorry to hear Ms M has lost money and the effect this has had on her. But for the reasons I've explained, I don't think Revolut is to blame for this and so I can't fairly tell it to do anything further to resolve this complaint.

My final decision

For the reasons I've outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 24 April 2024.

Carolyn Bonnell
Ombudsman