

The complaint

Mrs S 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.

Mrs S fell victim to an impersonation scam. She was contacted by someone purporting to work for HMRC. Mrs S was sadly duped into making two payments totalling £2,940 (£1,945 and £995 respectively) on 12 May 2023.

Mrs S also made other payments as part of this scam from accounts she held with different banks, which she’s told us she’s been reimbursed by.

On realising she’d fallen victim to a scam, Mrs S reported the matter to Revolut through its chat function around 15:28 the same day, to see if her funds could be reimbursed or recovered.

Revolut didn’t consider it was liable for the losses Mrs S incurred and advised it wasn’t able to recover any of the funds.

Unhappy with Revolut’s response, Mrs S brought her complaint to this service. One of our Investigators looked into things, but she didn’t recommend the complaint be upheld. She acknowledged the Revolut account had been opened with the purpose of making the scam payments, but she didn’t think the payment amounts were so unusual or suspicious in appearance that further intervention from Revolut was required. Overall, our Investigator didn’t think it was fair to say Revolut should have identified that Mrs S was at risk of losing her funds. Or that its decision not to intervene further than it did, was unfair in the circumstances.

With regards to the recovery of any funds, our Investigator said that even had Revolut contacted the receiving bank as soon as it was made aware of the fraud, this wouldn’t have made a difference in this case. This is because the money had been removed from the receiving account. So, she didn’t think there was anything further that Revolut could do to recover the funds.

Mrs S didn’t agree with our Investigator’s view. As no agreement has been reached the complaint has been passed to me to reach a 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.

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 S'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 S's complaint. I do appreciate how disappointing this will be for her. Mrs S 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 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.

In broad terms, the starting position at law is that a bank and payment service providers are 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. And I have taken that into account when looking into what is fair and reasonable in this case.

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

However, there are circumstances where it might be appropriate for Revolut, as an electronic money institute ('EMI') to take additional steps or make additional checks before processing a payment in order to help protect its customers from the possibility of financial harm from fraud. An example of this would be payments which are sufficiently unusual or uncharacteristic when compared with the usual use of the account. In such circumstances, I'd expect Revolut to intervene and ask some questions about the intended transaction before processing it and provide a suitable warning.

Having carefully considered whether there was anything about the circumstances surrounding the payments that could have put Revolut on notice that they were being made as part of a scam, I'm afraid I don't think that there was. I will now explain why.

Revolut has a difficult balance to strike in how it configures its systems to detect unusual activity or activity that might otherwise indicate a higher than usual risk of fraud. There is a delicate balance to be struck. There are many millions of payments made each day and it would not be possible or reasonable to expect a bank to check each one. And, in situations where Revolut do intervene, I would expect that intervention to be proportionate to the circumstances of the payment.

In this case, Mrs S opened the account for the purpose of making the scam payments and so there was no transaction history to compare the payments in question to. I also don't find it unusual for a newly opened account to be used immediately.

When looking at the activity, I can see Mrs S deposited funds into the Revolut account in order to make each of the payments and, whilst I note she proceeded to make two payments from the account (around 43 minutes apart), I don't find these payments to have been made in such quick succession that this ought to have caused Revolut concern.

Further, while I recognised the value of the payments are not insignificant in amount, and that this is a lot of money to Mrs S, I don't consider the payments to be remarkably high in value that they ought fairly and reasonably to have caused Revolut concern that she might have been at risk of financial harm from fraud.

This said, Revolut say when Mrs S set up the new payee it asked her if she knew and trusted the payee. Mrs S selected that she trusted the beneficiary and proceeded with the payments. It adds that the initial payment of £1,945 flagged on Revolut's systems and it provided her with a warning. After seeing this warning, Revolut add Mrs S proceeded to re-initiate the payment to the beneficiary.

Mrs S in her submissions to our service has acknowledged receiving warnings from Revolut before making the payments but has said that this is shown before any genuine payments as a normal warning process, so how can they differentiate which is a genuine transaction and which is not.

I've thought carefully about everything I've seen and been told and with all things considered I think that Revolut did enough in providing a warning to Mrs S when she made the payments.

For the reason's I've explained above, I don't think the payments Mrs S made as part of the scam would have appeared so suspicious or unusual to Revolut that it ought to fairly and reasonably have intervened further than it did. I think that warnings were a proportionate intervention, given the individual circumstances of this case, and I'm not persuaded Revolut needed to do anything more than it did.

I have also considered whether Revolut did all it could to try and recover the money Mrs S lost. The evidence I've seen persuades me Revolut could have acted sooner than it did. But unfortunately, it is common for fraudsters to withdraw or move the money on as quickly as possible. Based on what I've seen, there were no funds available to be recovered from the receiving account. It follows that I don't think Revolut could have prevented Mrs S's losses after she reported the scam.

It's very unfortunate Mrs S has lost this money in this way, and I understand the whole experience has been deeply upsetting and I have a great deal of sympathy for her. But in the circumstances, I don't think I can fairly or reasonably say Revolut should have done more to prevent Mrs S from losing her money. And unfortunately, there wasn't anything further Revolut could do to help Mrs S 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 S to accept or reject my decision before 16 November 2023.

Staci Rowland

Ombudsman