

## **The complaint**

A limited company, which I'll refer to as 'K,' is complaining that Revolut Ltd won't refund the money it lost in a scam.

Miss C, who is the director of K, brings the complaint on K's behalf.

## **What happened**

Miss C was contacted online by a scammer who claimed to be a cardiothoracic surgeon who owned a medical company. He asked Miss C to apply for a contract with a non-governmental organisation (NGO) on behalf of his company. He said the contract was to supply hospital beds and was worth a substantial sum in US Dollars.

The ongoing circumstances of the scam are well known to both parties so I won't repeat them in detail here – but, in summary, Miss C was told she'd won the contract from the NGO and was asked to transfer money as part payment of a 'transfer fee' to the bank that would receive the funds from the NGO.

Miss C set up a limited company, K, and on 17 January 2023 she opened a business account for K with Revolut. On 2 February 2023 she made two online payments from K's Revolut business account to the scammers, one for £5,256.91 and one for £255.58. As part of the scam Miss C also transferred some money from her account with another business to the scammers; this was subsequently refunded to her by the other business.

Miss C became aware of the scam, and reported it to Revolut via their online chat function on 7 February 2023. On the same day Revolut applied to the beneficiary bank to attempt recovery of the payments.

On 8 February 2023 Revolut told Miss C that they gave the appropriate warnings when she made the payments – and so they wouldn't be reimbursing K. But they were still waiting to hear about whether the payments could be recovered.

On 22 February 2023 Revolut let Miss C know that the beneficiary bank had been unable to recover the payments. Miss C raised a complaint with Revolut on K's behalf.

Revolut sent their final response on 24 February 2023. They said they didn't think they'd done anything wrong by processing the payments as they'd been instructed, and they wouldn't be refunding them.

On 27 February 2023 K's account received a refund of £463.71, which had subsequently been recovered and returned by the beneficiary bank.

Miss C brought K's complaint to us. Our investigator didn't think K's complaint should be upheld, but as Miss C didn't agree, it's been passed to me for review and a decision.

I issued my provisional decision on 11 October 2023. This is what I said.

*I'm sorry to learn about what happened to K. There's no dispute that K's been the victim of a scam, and so I can understand why Miss C would think K should receive a refund of the money it lost in the scam. But from what I've seen so far, I don't think that I can fairly say that Revolut should refund the money K lost. I'll explain why.*

*I should explain firstly that Miss C's mentioned that she received a refund of the money she transferred to the scammers from her account with another business, under the Lending Standards Board's Contingent Reimbursement Model (CRM) code. But this doesn't apply here as Revolut aren't signatories to this voluntary code. So, I can't consider K's complaint with this in mind.*

*It's not in dispute that K authorised the payments. And Revolut have a duty to act on K's instructions. But in some circumstances, Revolut, as a regulated electronic money institute (EMI), should take a closer look at the circumstances of the payments – for example, if they ought to be alert to a fraud risk, because the transaction is unusual, or looks out of character or suspicious. And if so, Revolut should intervene, for example, by contacting the customer directly, before releasing the payments. But I'd expect any intervention to be proportionate to the circumstances of the payment.*

*Revolut have told us they did intervene here, with a general 'new payee' warning. The warning asked if the recipient was a trusted payee, and advised Miss C not to make the payment if she was unsure, as Revolut may not be able to get the money back. They've sent us a screen shot of the warning they say Miss C would have received.*

*I've thought carefully about the circumstances here. In this case, Miss C had opened K's account with Revolut only a few weeks before the first payment and no payments had been made from it until the first payment to the scammer. So, there wasn't a pattern of transactions for Revolut to refer to, in order to see if these payments were out of character.*

*This is a business account, which Miss C set up for K to (she said) pay employees and suppliers. She also selected that the expected monthly volume of transfers for K's account would be between £1,000 and £10,000. So, I don't think the payments made to the scammers were outside of this expectation. And because K made the payments to the scammers online, Miss C didn't speak or interact directly with Revolut for them to identify that the payments could be part of a scam.*

*Taking all this into account, I think the general warning Revolut says Miss C received on setting up the new payee was proportionate in the overall circumstances of the payments.*

*Miss C says she didn't see the warning and is disputing that it appeared. As this is part of Revolut's standard process in these circumstances I think that it's likely it did appear. But even if the warning didn't appear, this would only make a difference to the outcome of K's complaint if I was persuaded that Miss C wouldn't have authorised the payments from K's account if she had seen the warning. And I'm not persuaded of this. I say this because this was an elaborate and complex scam, and Miss C had researched the individuals and organisations involved online and was convinced they were genuine at the time the payments were made. So, I don't think seeing the warning would have prevented K from sending the payments.*

*Overall, I don't think Revolut were unreasonable to release the payments, and I don't think they needed to do anything else to intervene in these circumstances.*

*There are industry standards around attempting recovery of funds where a scam is reported. Revolut should have attempted to recover K's payments immediately on being told of the*

*scam. And I can see that Revolut did contact the beneficiary bank to attempt recovery on the day Miss C called to report the scam. So, I don't think Revolut ought to have done any more than they did to recover the payments.*

*Miss C identified that the scammers also held an account with Revolut and brought this to their attention (although this wasn't an account K had transferred funds to.) She's raised concerns about how she feels Revolut and other, similar businesses make it possible for scammers to operate.*

*I appreciate why this has added to Miss C's frustrations. But as the investigator's explained, the issue our service is considering here concerns Revolut's role in processing the payments, and their recovery efforts. And for the reasons given above, I'm not persuaded Revolut made any errors in respect of those issues which caused or contributed to the loss incurred.*

*I can see that Miss C's also mentioned new rules for businesses to reimburse victims of the sort of scam K experienced here, which will take effect next year. But as they've not yet come into force they don't apply in the circumstances of this complaint.*

*I know this outcome will be very disappointing. However, for the reasons I've explained, from what I've seen so far I don't think Revolut should have done more to prevent K's loss. So, it wouldn't be reasonable for me to ask them to refund the payments K made.*

I asked K and Revolut to reply to my provisional decision by 25 October 2023. Neither party replied.

### **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.

Neither party replied to my provisional decision. As such, I see no reason to depart from my provisional decision that it wouldn't be reasonable to ask Revolut to refund the payments K made as part of the scam. So, Revolut don't need to do anything else here.

### **My final decision**

My final decision is that I'm not upholding K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask K to accept or reject my decision before 30 November 2023.

Helen Sutcliffe  
**Ombudsman**