

The complaint

Mr L complains that Revolut Ltd ('Revolut') won't refund the money he lost when he was the victim of a scam.

What happened

Mr L says that on 31 May 2023 he was the victim of an impersonation scam. Mr L received calls and messages from his credit card provider about suspicious activity on his account and was told that the account he made his credit card payments from was at risk. He was advised that the caller would get in touch with his bank's fraud team, and he'd receive a call from them.

Mr L then received a call from a spoofed number from his bank's fraud team which confirmed his account had been compromised. As a result, he needed to move all his funds to another account as a temporary measure while a new account was created.

Mr L made two payments totalling £2,580 from his bank account to his Revolut account. The scammer then persuaded Mr L to transfer funds to what he was led to believe was a 'safe' account with his bank. Over a period of around ten minutes Mr L transferred £4,400 from his Revolut account to the account details provided to him over three transactions - £100, £200 and £4,100. Sadly, the final account Mr L transferred his funds to was controlled by a scammer(s).

The scammer asked Mr L to transfer further funds from an ISA account with another bank. He was concerned about this and called his bank to discuss it. During the call Mr L's bank advised him that he was the victim of a scam and to contact Revolut – which he did on the morning of 1 June 2023.

Revolut didn't reimburse Mr L's loss. It said that he authorised the payments and that Revolut provided appropriate warnings during the payment journeys. Revolut also said that it had tried to recover Mr L's funds from the beneficiary bank but had not received a reply.

Mr L was unhappy with Revolut's response and brought a complaint to this service. The investigator who considered his complaint didn't recommend that it be upheld. She said that the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code) doesn't apply in this case as Revolut hasn't signed up to it and the transfers Mr L made weren't so unusual that Revolut needed to do anything more than it did.

Mr L was unhappy with the investigator's findings and asked for a final decision, so the complaint has been passed to me to consider. I have summarised his main points below:

- Although two firms are involved the circumstances need to be considered in the round as a complex and cruel scam which resulted in an overall loss of £4,400. This has left him in debt when all he was trying to do was protect his money.
- He disagrees that the value of the transactions were too low to have triggered Revolut's fraud detection systems. Mr L said he'd used his Revolut account to save and to make payments abroad while on holiday but on this occasion, he'd transferred £2,580 in two transactions into the account and then transferred nearly all his savings out to an account Revolut identified as suspicious.
- The bland warnings and generic material Revolut provided at a time he was being

put under pressure to act quickly by the scammer didn't go far enough to make him realise the warning applied to what he was doing. If Revolut had spoken to him in person or through the app the position would have been different.

- The warning Revolut provided didn't give a clear message that he should never follow instructions given by someone he doesn't know, including his bank.

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.

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 be good industry practice at the time.

In broad terms, the starting position in law is that an account provider is 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. A customer will then be responsible for those transactions that they have authorised. It's not in dispute here that Mr L authorised the payments. So, while I recognise that he didn't intend the money to go to scammers, the starting position is that Revolut was obliged to follow his instructions and process the payments. Mr L isn't automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. This includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victim to scams. So, I've also thought about whether Revolut did enough to try to keep Mr L's account safe.

I understand that Mr L opened his Revolut account in November 2022 and can see that since then he has used it to transfer funds in, for payments abroad and for relatively low value transactions of up to nearly £1,000. In the circumstances, I don't believe the first two payments of £100 and £200 ought to have caused Revolut any concern. But Revolut showed Mr L an on-screen warning when he set up a new payee that 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. Remember, fraudsters can impersonate others, and we will never ask you to make a payment."

I appreciate Mr L was being rushed through the screens by the scammer but there weren't many words in the warning and what Mr L was shown directly related to the position he found himself in.

Revolut also completed a further review. As a result, payments two and three were held and Mr L was presented with further screens for these payments which said,

"This transfer could be a scam

Our system identified the transfer as suspicious so we [illegible] it to 'pending'

Your transfer has a higher risk score than

99.2%

of all Revolut transfers"

I've asked Revolut why this warning was triggered but it says it is unable to tell me as it was an automated response which is based on multiple factors. But Revolut has confirmed that it didn't have any adverse information about the beneficiary account.

Under this warning Mr L was given the opportunity to cancel the payment request or to continue anyway. When he chose to continue, Mr L was presented with further screens which gave more information about victims of scams losing millions of pounds every year and fraudsters being very professional. He was then asked for the reason for the payments. Although safe account was an option, the scammer told Mr L to choose the option 'something else'. Mr L was then given various options, including to speak to an agent (or go ahead with the payment).

I'm satisfied that in providing these warnings Revolut went far enough. Whilst I appreciate there was a lot to read on the additional information screens, the warning that the transaction had a higher risk score than 99.2% of Revolut transactions was clear. The information that followed wasn't tailored to safe account scams because Mr L didn't choose this payment purpose. I understand why this was, but can't reasonably say Revolut has done anything wrong in providing a warning based on the payment reason given.

Overall, and given the value of the payment, I'm satisfied that Revolut went far enough in warning Mr L about the risk of continuing with his payment request.

I can see that Revolut attempted to recover Mr L's funds but that it only did so on 7 June 2023, some days after the scam was reported on 1 June 2023. This service has contacted the beneficiary to see if Revolut's delay impacted its ability to recover Mr L's funds. The evidence provided shows that all funds were removed very soon after they were credited, and before Mr L contacted Revolut to report the scam. In the circumstances, even if Revolut had acted more promptly after the scam was reported it wouldn't have made a difference.

Overall, whilst I'm sorry to hear about this cruel scam, I can't reasonably ask Revolut to reimburse Mr L's loss.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 15 February 2024.

Jay Hadfield
Ombudsman