

The complaint

Mr G is unhappy that Revolut Ltd (“Revolut”) didn’t give him his money back after he fell victim to a scam.

What happened

Mr G has said that on 6 March 2023 he was contacted over the phone by someone claiming to be from the Ministry of Justice. Mr G says the person he was speaking to told him he’d committed a criminal offence by not paying taxes and could face deportation. Mr G has said they knew some of his personal information such as his tax code and that he’d recently changed jobs.

The scammer instructed Mr G to open an account with Revolut in order to make the payments required. He did this, and transferred money from his current account with another bank to his Revolut account. Mr G moved payments of £545, £800 and £897 to the beneficiary the scammers instructed him to pay using his Revolut account. The scammers told Mr G the money would be refunded to him within an hour. When this didn’t happen, he realised he’d been the victim of a scam.

The last payment of £897 has been refunded to Mr G by his bank so I won’t be considering this payment further under this complaint.

Mr G contacted Revolut once he realised he’d been scammed but ultimately it felt that as he’d authorised the payments it wasn’t liable for them. It explained he was asked whilst making the payments if he trusted the beneficiary and was given a standard warning that he might be the victim of a scam. It said it also sent him further links to information about different types of scams. It said it had tried to recover the funds from the beneficiary’s bank but this had been unsuccessful.

Mr G was unhappy with Revolut’s response. He brought the complaint to our service and our investigator looked into things. They didn’t feel Revolut was liable for the lost funds and didn’t ask it to take any further action.

Mr G didn’t accept this. He felt Revolut should’ve done more to intervene and the scam would’ve been uncovered. He felt the payments were significantly unusual and Revolut should’ve identified them as such. He also disputes that any payments were stopped by Revolut or that he was shown any scam warnings.

As Mr G was unhappy with the investigator’s response the complaint has been passed to me to make a 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 sorry to hear Mr G was the victim of a scam. I can see this must've been difficult for him and I understand why he wants to do everything he can to try and recover the money he's lost. But I can only direct Revolut to reimburse Mr G for his loss if I can fairly and reasonably conclude that it is liable for them.

The evidence shows Mr G sent money from his current accounts with other banks to his Revolut account, and from there to a third-party account that belonged to a scammer. Although he didn't intend the money to go to a scammer, under the Payment Services Regulations and the terms and conditions of his account, Mr G is presumed liable for his loss in the first instance. And under the terms and conditions of the account Mr G held with Revolut, where a valid payment instruction has been received, Revolut's obligation is to follow the instruction Mr G has provided.

But, taking into account the law, regulatory rules and guidance, relevant codes of practice and good industry practice, 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 customer from the possibility of financial harm from fraud. For example, if a customer made a payment request for an amount that was out of character given the normal use of an account, I'd expect Revolut to intervene and ask questions about the intended transaction before processing it and provide a suitable warning.

In this case, I don't consider Revolut acted unfairly or unreasonably in allowing the payments to be made. Mr G didn't have an existing relationship with Revolut and the payments were sent the day the account was opened. So I'm mindful there wasn't an existing pattern of behaviour it could compare this particular spending to. Revolut has said it did identify a risk with the initial payment to the scammer. As well as the standard warning all its customers receive making their first payment, it also stopped the payment and provided an additional warning to Mr G stating it thought the payment was suspicious and not to make it. This included a link to information about common scams to be aware of.

Mr G says he doesn't remember receiving this additional warning, but I'm satisfied the information Revolut has provided shows they were likely given, and he seems to have dismissed them from the same device he used to make the payments. So I think it did take steps to warn Mr G of potential risks and that in this case these steps were proportionate to the risk presented from Revolut's perspective.

I've considered whether I think the overall amount Mr G sent to the scammers was significant enough that Revolut should've taken further steps to intervene. But whilst I understand the overall amount Mr G sent through Revolut was a lot to him, I don't consider the three payments of £545, £800 and £897 were significant enough that Revolut should have intervened further by the time the third payment was made.

I've also considered that the three payments were sent to the same recipient in quick succession. But there's a balance to be struck; banks and EMIs (like Revolut) have obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't be involved in every transaction as this would cause unnecessary disruption to legitimate payments. It had already stopped a payment being made, and Mr G had decided to continue with it. Overall, I think Revolut took proportionate steps in response to the risk presented in this case. So I don't think it missed an opportunity to prevent Mr G's loss.

I would expect to see Revolut took reasonable steps to try and recover the money Mr G lost once it had been informed of the scam. I can see in this case it discovered the payments had been sent to an overseas entity of Revolut, but it was unable to recall or recover the funds as the law applicable in the country the funds were sent to prevented it from doing so.

I'm sorry to disappointment Mr G but as I don't consider Revolut liable for his loss, I don't require it to reimburse him.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 28 November 2023.

Faye Brownhill
Ombudsman