

The complaint

Mr D complains that Revolut Ltd won't reimburse money he lost as a result of a scam.

What happened

Mr D fell victim to an impersonation scam. He was contacted by someone claiming to represent a bank which he holds an account with (that I'll call C). He was told that his account was at risk. After apparently securing his account with C, he was told that an account he holds with another firm (that I'll call N) was also at risk. He was transferred to someone claiming to represent N.

The caller said that Mr D would need to move money to a new secure account. He initially tried to move his money directly from N to C, but was unable to do so because he lacked a card reader. As an alternative, he was advised to open an account with Revolut and move his money into that account instead.

Mr D moved £2,000 from his account at N to his new Revolut account. He did this by way of a card payment using Apple Pay. He was then instructed to move the same sum from his Revolut account to what he believed was a secure account at N. Unfortunately for Mr D, he'd been speaking to a fraudster and he hadn't sent money to his own account, but one that the fraudster presumably controlled.

Mr D became concerned at being asked not to disclose the situation to friends or family, so he contacted his mother (who represents him in this complaint). She thought that he'd been the victim of a scam and advised him to contact the various firms involved.

Both Revolut and N said that they weren't responsible for his loss. Revolut additionally said that it had tried to recover his money but had received no response from the firm which received it.

Mr D complained. He referenced various codes of practice, including the Lending Standards Board's Contingent Reimbursement Model Code ("CRM Code"), and argued that Revolut had not done enough to protect him from financial harm, particularly considering his young age.

Mr D referred the matter to our service, but one of our Investigators didn't uphold his complaint. They didn't think that Revolut could have reasonably suspected that Mr D was falling victim to a scam.

Mr D's representative didn't agree. She thought that Revolut shouldn't have allowed someone so young to open a new account and immediately make such a significant payment, particularly given the reason for the account opening was 'making transfers'.

As no agreement could be reached, the case was passed to me for 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 very sorry to hear about what's happened to Mr D. He's been the victim of a cruel scam and I can only imagine how upsetting this has been for him. But I'm afraid that I'm unable to hold Revolut responsible for his loss. I'll explain why.

Under the relevant regulations, the Payment Services Regulations 2017, Mr D is responsible for payments he's authorised himself. There's no dispute about that here. Revolut aren't signatories to the CRM Code, so I'm unable to take its provisions into account. Instead, taking into account the law, regulators' rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, Revolut should fairly and reasonably have been on the lookout for out of character and unusual transactions or other indications that its customer might be at risk of financial harm from fraud.

In this case, Revolut did provide a number of warnings, one of which was based on asking Mr D the reason for the payment – which he selected as 'something else'. That warning appears to have included some information about this kind of scam, but there was a more relevant option "moving money to a 'safe account'" (though I appreciate Mr D may have been instructed to ignore these warnings). So, I've thought about whether the steps Revolut did take were proportionate to the risk the payment presented.

I'm afraid that, even taking into account Mr D's relatively young age, I think that the warnings Revolut did provide were a proportionate response to the risk that the payment presented. I don't think it needed to do anything else. Mr D made a single payment of £2,000. Revolut knew nothing of how Mr D normally managed his finances and it would not have been able to identify any concerning pattern of transactions. While the amount of the payment is clearly hugely significant to Mr D, I can't see that it would have stood out – such that the amount alone would have caused Revolut so much concern that it ought to have done more than it did. And, I cannot put much weight on the reason given by Mr D when he opened the account – the subsequent use of his account appears to be entirely consistent with his stated intention.

Overall, I cannot fairly and reasonably say that Revolut should have been sufficiently concerned about this payment that it should have done more than it did.

Finally, I've considered Revolut's attempts to recover Mr D's money. It doesn't appear to have contacted the firm which received Mr D's money until the day after the scam was reported. I'd have expected it to act more quickly. However, as the receiving firm didn't respond to Revolut, despite several attempts to contact it, I cannot conclude that any delay in contacting the receiving firm has caused Mr D loss.

I know this will be very disappointing for Mr D and it's important to state that he is not to blame for what happened. He was the innocent victim of a sophisticated scam – seemingly one in which a significant amount of his personal information was known to the fraudsters. But I can't take that into account here, I can only consider the role of Revolut. And, I can't fairly say that it is responsible for his loss.

My final decision

For the reasons I've explained, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 27 December 2023.

Rich Drury
Ombudsman