

The complaint

Mr C is unhappy that Revolut Ltd won't reimburse £17,200 that he lost because of an investment scam.

Mr C's complaint is brought to this service by his appointed representative. However, the ease of reference I will refer solely to Mr C throughout this letter.

What happened

Mr C contacted what he believed was a legitimate investment company and began what he believed was a legitimate interaction with an 'investment manager' ("the scammer"). This led to Mr C making several payments to the scammer, totalling £17,200.

However, Mr C later found that he was unable to withdraw any of the money showing as being present in his investment account and realised that he'd been scammed. Mr C wasn't happy about this and felt that Revolut hadn't done enough to protect him against what had happened. So, he raised a complaint.

Revolut responded to Mr C and explained that they didn't feel that they'd done anything wrong by processing the payments to the scammer as Mr C had instructed them to. Mr C wasn't satisfied with Revolut's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel Revolut had acted unfairly in how they'd managed the situation and so didn't uphold the complaint. Mr C remained dissatisfied, so the matter was escalated to an ombudsman 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 issued a provisional decision on this complaint on 19 October 2023 as follows:

Having reviewed the information provided by Mr C, including transcripts of the conversations he had with the scammer, it seems more likely than not to me that he has been the victim of a scam here and has lost £17,200 as a result. And so, I can appreciate that Mr C would like Revolut to reimburse this £17,200 him.

However, I would only consider instructing Revolut to reimburse that money if I felt that Revolut could and should have acted differently regarding the payments that Mr C instructed to the scammer and if I felt that any alternative action that Revolut should reasonably have taken would, in all likelihood, have led to Mr C realising that he was being scammed so that he didn't instruct the payments under consideration here.

In broad terms, the starting position in law is that a business is expected to process payments that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. However, where the customer

made the payment because of the actions of a fraudster, it may sometimes be fair for the business to reimburse the customer even though they authorised the payment.

For instance, businesses have an obligation to have systems in place to monitor instructed transactions for instances of potential fraud. Such fraud prevention systems are used by all financial institutions, including Revolut, to flag account activity that may be of concern and to prevent further usage of an account where it's felt that there is a possibility that fraud may be potentially occurring. And so, I've thought about whether there was anything in the nature of the payment instructions themselves that should reasonably have alerted Revolut to the possibility that Mr C might have been in the process of being scammed.

In is instance, Mr C made four payments totalling £17,200 spread over three weeks as follows:

*24 November 2022: £7,000
29 November 2022: £1,200
09 December 2022: £7,000
12 December 2022: £2,000*

Revolut initially explained that they did provide potential fraud warnings to Mr C in response to these payments, and that information was considered by our investigator when they issued their view of this complaint. However, Revolut have now confirmed that none of these payments were flagged by their automated fraud prevention system because the payments were in keeping with other payments that Mr C had made in recent months and so weren't considered unusual in regarding how Mr C had previously used his Revolut account.

I've thought about whether this change of position by Revolut has a significant impact here. But I note that while Revolut did initially say that the payments had been flagged by their systems, they also explained that they didn't feel that the payments should have been flagged by their systems, because they didn't represent unusual account activity.

I've reviewed the account movements for Mr C's Revolut account for the twelve months prior to the first of the four payments listed above. And having done so, I note some similar value payments made from the account in August and September 2022. These include payments of £11,521 and £13,073 from Mr C to a third-party. And while Mr C has explained that the larger of these payments were made to his business account, I still feel that this payment is significant, given that it's not a direct 'me-to-me' payment.

As such, given that there were a series of high value payments made by Mr C in the months leading up to the payments he made to the scammer – including two which were larger than the highest value single payments made to the scammer – I feel that it was reasonable for Revolut to consider the four payments that Mr C made to the scammer as being in line with his recent prior account use. And because of this I don't feel that Revolut acted unfairly or unreasonably by not considering the payments to the scammer be unusual or suspicious and to have not flagged those payments for further checks.

Importantly, even if Revolut had flagged the payments made by Mr C for further checks, I'm not convinced that this would have led to a different outcome here. I say this because it's evident from the conversations Mr C had with the scammer that he trusted the scammer when he made the payments and believed he was making legitimate payments to an investment manager.

This means that if Revolut had blocked one of the payments and had spoken with Mr C to ask him questions about it, I feel it would most likely have been the case that Mr C would have confirmed to Revolut that he was making a legitimate payment and instructed them to

process that payment. And Mr C had no apparent inclination that anything untoward was happening until he'd made all four of the payments to the scammer as listed above.

However, given that I don't feel that Revolut should have flagged the payments for further checks, as explained above, this point is moot. And I make this point only to explain that even if I felt that Revolut should have contacted Mr C (which I don't) I don't feel that any reasonable intervention they may have made would have led to Mr C not being scammed. And I wouldn't consider Revolut to be accountable for Mr C's loss in these circumstances.

Of course, this isn't to say that Mr C hasn't been the victim of a scam here, and I hope that he's able to recover his money from those that took it from him. But it is to say that I don't feel that Revolut did anything wrong by processing the payments to the scammer that Mr C instructed them to pay. And because of this, I don't feel that Revolut should fairly be considered accountable for Mr C losing the money that he did.

Mr C responded to my provisional decision and confirmed that he accepted the non-uphold outcome described within it.

As such, I see no reason not to issue a final decision here whereby I do not uphold this complaint, in line with my provisional decision above. And I therefore confirm that my final decision is that I do not uphold this complaint accordingly.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 14 December 2023.

Paul Cooper
Ombudsman