

## **The complaint**

In April 2023, Mr M held accounts with Revolut Ltd, which provides fast payment services in the UK and abroad, and a UK bank. He had a large amount of money in the UK bank. A fraudster contacted him by phone and stole around £50,000 from him. To make the theft, the fraudster fooled Mr M into sending money from his UK bank account into his Revolut account and then into a third account which the fraudster controlled.

Mr M thinks Revolut should have stopped the fraud happening. It didn't. So, he wants it to refund him the money he lost.

(Mr M has also complained about the UK bank, but this decision only relates to Revolut. I am not making any judgments about the conduct of the UK bank).

## **What happened**

When the fraudster called Mr M, he pretended to be from the anti-fraud department of the UK bank. He convinced Mr M that his account with the UK bank had been compromised and that he was at risk of losing his money from it.

The fraudster misled Mr M into believing that to make the money from the UK bank safe, he should first move it into his Revolut account and then into a new account the fraudster had created. The fraudster referred to the new account as being “safe”. In reality, it was anything but safe. It was a fraudulent account under the fraudster's direct control.

The fraudster persuaded Mr M to make three payments from his UK bank account into his Revolut account. They were for £20,000, £5,000, and £22,000; a total of £47,000. The fraudster then told Mr M to make three outward payments from his Revolut account into the fraudulent account.

The first outward payment was for £76, the second was for £28,900 and the third for £22,000, a total of £50,976. (Clearly, this is more than the money from the UK bank, the difference came from funds Mr M already had with Revolut).

While Mr M was still talking to the fraudster, his daughter came to visit. She asked what was happening and quickly suspected fraud. Mr M ended the call to the fraudster and contacted Revolut for help.

Revolut attempted to recover Mr M's money for him from the fraudulent account, but could only get back a very small amount, less than £10.

One of our investigators has already looked into Mr M's complaint. The investigator didn't think that Revolut had done anything significantly wrong and didn't recommend that it should give Mr M any money back. Mr M didn't agree with the investigator's findings and asked for his complaint to be reviewed. So, it has come to me as an ombudsman to make a final decision on the outcome.

## **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.

Before discussing the details of the complaint, I would like to say how sorry I am to hear about the horrible experience Mr M suffered at the hands of the fraudster. It must have been deeply upsetting, both for him and his family. I gather that he is retired and that the money the fraudster stole had been part of his lifetime savings. This must be awful. Mr M has my heartfelt sympathy for the trauma the fraudster caused.

The crux of this complaint is that Revolut believes Mr M was wholly responsible for his loss, whereas Mr M believes that the payments he made to the fraudulent account were unusual for him and Revolut should have stopped him making them.

Mr M has described the fraudster's actions very clearly. I'm totally satisfied that the fraudster was very plausible, highly convincing and in effect got Mr M under his spell. There is no doubt that Mr M only instructed Revolut to pay his money into the fraudulent account because he believed the lies the fraudster told him. Frauds of this type are often called *Authorised Push Payment (APP)* frauds.

While companies which provide payment services, such as Revolut, are normally expected to act on their customers' instructions, APP fraud is a significant concern in the finance industry. And at the time of this fraud, I would have expected Revolut to be looking out for anything noticeably unusual about its customers' payments, or patterns of payments. And if it saw anything suspicious, I would have expected it to contact the customer concerned to highlight the risk and check the customer really knew what was happening.

I understand that Revolut didn't think the first outward payment was unusual and didn't suspect fraud or try to contact Mr M at that stage. As this payment was for a relatively small amount, I think this was reasonable.

But the second and third payments were unusual. They were for large sums, in quick succession, to a payee to whom Mr M had not previously sent any money. And Mr M made them shortly after the inward payments from his UK bank.

It seems that Revolut correctly identified these payments as suspicious and contacted Mr M about them, using its electronic chat service. It has sent us, and Mr M, a transcript of the dialogue. Amongst other things, Revolut told Mr M:

*"We have noticed an emerging fraud.....if you have been contacted by any bank claiming that your account is not safe and you need to move your money to another account, stop. .... (fraudsters) may claim they have created a new safe account for you....This is a lie and is a tactic which scammers are using to scare you... Is this something similar to the reasons for your (payment)?"*

*"No bank or institution should be guiding you on what to say in chat support. If they are, they are trying to scam you and you should let us know immediately"*

*"Revolut and other trusted organisations will never tell you... to lie about the reasons for your payments".*

Before Revolut processed each payment, it also asked Mr M several questions about their purpose. Amongst these questions, it asked *"Have you been told to move your money to a safe account as your account is at risk/compromised?"*. For the first payment Mr M replied *"No, I have not"*. And for the second he replied *"No"*.

Revolut also warned Mr M that fraudsters could be “*trying to bypass its controls*” and that he could risk losing his money if he wasn’t honest.

Mr M has told us that in his view these messages “*weren’t effective enough to break the spell of the scam and more should have been done by Revolut to intervene....*”.

I fully respect Mr M’s view and I acknowledge that at the time the fraudster was probably leading him on and *guiding him to bypass* (the) *controls*, as Revolut described. However, the dialogue seems to have been quite extensive and to have covered Mr M’s circumstances pretty closely. And as Mr M did not give the correct answers to the questions about safe accounts, Revolut didn’t have the full facts. I think that Revolut’s interventions were reasonable in the circumstances.

Once Mr M had reported the fraud to Revolut, I would have expected it to make reasonable attempts to recover his money for him through the financial institution which ran the fraudulent account. However, recovering money like this can be very difficult, as once a consumer’s money is in an account which fraudsters control, they usually move it on very quickly, beyond the reasonable reach of the consumer’s own financial institution.

I do not know the exact time Mr M reported the fraud to Revolut and how quickly it acted, Mr M has told us that he found reporting the fraud using the chat service a “*lengthy process*”.

I accept that there may have been some delays in Revolut’s procedures and also that the amount of money it recovered was so small to be almost irrelevant and of no real help to Mr M. But, I have not seen anything to make me think it would have been more successful if it had acted more quickly after Mr M started to report the fraud.

So, in summary, I can see that Mr M had a terrible experience at the hands of the fraudster and I cannot begin to understand how upset he must feel. However, I think the actions which Revolut were reasonable. I don’t hold it responsible for Mr M’s loss.

### **My final decision**

For the reasons I have given above, I am not upholding Mr M’s complaint about Revolut Ltd. I am not going to tell it to give him any money back.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr M to accept or reject my decision before 11 December 2023.

Steve Townsley

**Ombudsman**