

The complaint

Mr L complains that Revolut Ltd did not refund transactions he lost in a scam.

What happened

Several of Mr L's colleagues had invested in a company I'll call 'B', and had been able to successfully withdraw small amounts in returns. He did a quick check online for reviews and did not find anything suspicious, so decided to invest. He made the following payments:

- 10/8/2018 – SecurityPort GmbH - €12,500
- 21/8/2018 – Condesk GmbH - €12,500

However, on 27 February 2019, B sent Mr L an e-mail saying there had been a trading software malfunction and as a result there had been major trading losses. Following this, Mr L was unable to access his funds and felt he had been the victim of an investment scam.

In February 2023, Mr L raised a complaint via a representative and Revolut initially declined to uphold it as they needed more information. The case was referred to our service and our Investigator looked into it. They explained that they did not think the payments were unusual or out of character when compared to Mr L's normal account activity, so did not think Revolut reasonably needed to intervene or stop the payments.

Mr L disagreed with the findings. He felt the payments were out of character as the other larger payments on his account were to other accounts in his name, whereas these ones were international.

As an informal agreement could not be reached, the complaint has been 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.

Having done so, I agree with the Investigator for largely the same reasons and I don't think Revolut needs to refund the €25,000. I'll explain why in more detail.

Firstly, I'd like to clarify that because these are international payments, they do not fall under the Contingent Reimbursement Model (CRM) code, which provides additional protection for scam payments. This is because the CRM code only applies to payments made between two accounts in the United Kingdom in sterling.

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.

Broadly speaking, 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 account. And a customer will then be responsible for the transactions that they have authorised.

It's not in dispute here that Mr L authorised the two payments of €12,500 as he believed they were for a legitimate investment. So, while I recognise that he didn't intend to lose the funds, the starting position in law is that Revolut was obliged to follow Mr L's instruction and process the payments. Because of this, Mr L is not 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. And 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 victims to scams. So, I've also thought about whether Revolut did enough to try to keep Mr L's account safe.

I've looked over Mr L's statements to see if I think the payments were suspicious enough to have warranted intervention by Revolut. There were relatively large amounts coming in and out of Mr L's account in the six months prior to the transactions in question, including €8,500 to a company, €12,500 to an individual and payments between £13,000 and £23,000 to an account in his name. While I recognise some of these were to his own accounts, when considering the account activity as a whole, the two payments in question do not look out of character when compared to the genuine account activity.

I say this because the value was not out of character, the pattern of the payment was similar to genuine ones in that a top up to the account occurred soon before they were made and there was a balance remaining afterwards meaning the account was not drained. In addition, the risk is lower as the payments were to two different organisations and there was a gap of 11 days between them so there weren't payments in quick succession.

Considering all of this, I think it was reasonable that Revolut did not intervene prior to the payments being processed, and I therefore don't think they missed an opportunity to reveal the scam. I've also considered whether Revolut could have done more to recover the funds. However, the complaint was raised five years after the initial payments were made, so I think it is unlikely that any remained to be recovered at that point. With this in mind, I don't think Revolut needs to provide a refund for the payments in question.

My final decision

I do not uphold Mr L's complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 15 December 2023.

Rebecca Norris
Ombudsman