

The complaint

Ms M complains that Revolut Ltd hasn't protected her from losing money to a scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat everything here. In brief summary, Ms M has explained that in November 2022 she made two debit card payments from her Revolut account destined ultimately for what she thought was a legitimate investment. The two payments together totalled £5,769.21 and were both made on the same day.

Ms M subsequently realised she'd been scammed and got in touch with Revolut. Ultimately, Revolut didn't reimburse Ms M's lost funds, and Ms M referred her complaint about Revolut to us. As our Investigator couldn't resolve the matter informally, the case has been passed to me for 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.

Having done so, I've decided to not uphold Ms M's complaint for materially the same reasons as our Investigator.

I have no doubt Ms M has been the victim of a scam here. She has my sympathy. Ultimately, however, Ms M has suffered her loss because of fraudsters, and this doesn't automatically entitle her to a refund from Revolut. It would only be fair for me to tell Revolut to reimburse Ms M her loss (or part of it) if I thought Revolut reasonably ought to have prevented the payments (or one of them) in the first place, or Revolut unreasonably hindered recovery of the funds after the payments had been made; and if I was satisfied, overall, this was a fair and reasonable outcome.

Prevention

I'm satisfied Ms M authorised the relevant payments. Revolut would generally be expected to process payments a customer authorises it to make. And under The Payment Services Regulations and the terms and conditions of the account, Ms M is presumed liable for the loss in the first instance, in circumstances where she authorised the payments. That said, as a matter of good industry practice Revolut should have taken proactive steps to identify and help prevent transactions – particularly sufficiently unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there are many payments made by customers each day and it's not realistic or reasonable to expect Revolut to stop and check every payment instruction. There's a balance to be struck between identifying payments that could potentially be fraudulent, and minimising disruption to legitimate payments (allowing customers ready access to their funds). Bearing this in mind, I need to decide whether Revolut acted fairly and reasonably in its dealings with Ms M when it processed the relevant payments.

And in this regard, I agree with our Investigator. I think Revolut reasonably ought to have identified the second payment as unusual or suspicious enough to warrant contact with Ms M before it executed the payment, to check everything was in order. Ms M's account had only very recently been opened and the two disputed payments out of her account added up to a substantial amount. However, again like our Investigator, I'm not persuaded – if Revolut had contacted Ms M, before it executed this payment, to check everything was in order – that this most likely would have made a difference. This is because Ms M had paid money from her Nationwide account to this newly set-up Revolut account in order to fund the two disputed payments. And Nationwide, prior to these payments being executed, had already spoken to Ms M over the phone and warned her of the likelihood that she was being scammed. I've listened very carefully to a recording of Ms M's telephone conversation with Nationwide in this regard. And in this case, there's no doubt in my mind that Nationwide made it very clear to Ms M that it thought she was being scammed and it gave the specific reasons why, which were on point. But unfortunately Ms M still went ahead with the payments from her Revolut account. Bearing this in mind, I'm satisfied that I can't say any level of intervention I might reasonably have expected from Revolut with regards to these payments is likely to have made a difference.

In summary, then, I think Revolut ought to have contacted Ms M before it executed the second of her payments she's complained about. But I don't think it would have made a difference – I think Ms M most likely would still have gone ahead as she did. So I don't think I can say Revolut's acts or omissions were the cause of Ms M's loss, or that it would therefore be fair to say it unreasonably failed to prevent it.

Recovery

After these debit card payments were made, the only potential avenue for recovery of them would have been via the chargeback scheme. However, the payments appear to have been made to a crypto exchange (and not directly to the scammers). This means the merchant here, for chargeback purposes, would be the crypto exchange (and not the scammers). It seems the crypto exchange would have provided the services intended, which would have involved changing Ms M's payments into cryptocurrency. The subsequent transfer of the cryptocurrency onto the scammers would not give rise to a valid chargeback claim through Revolut. So I don't think these payments were recoverable once they had been made. I'm therefore not persuaded I can say Revolut was the cause of Ms M's loss in this regard either.

I'm aware there's reference on the file to Revolut closing Ms M's account but that isn't the subject matter of this case that has been passed to me for a decision, so I haven't commented on this.

I realise this means Ms M is out of pocket. And I'm sorry she's lost money. But I can't reasonably ask Revolut to reimburse her in circumstances where I don't think it ought reasonably to have been able to prevent her loss.

My final decision

For the reasons explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 3 April 2024.

Neil Bridge
Ombudsman

