

The complaint

Mr F complains that Revolut Ltd has failed to refund €3,928.05 he says he lost to a scam.

What happened

The background to this complaint is well known to both parties, and so I'll only refer to some key events here.

Mr F opened an account with Revolut in December 2020. Mr F said he'd previously lost money as part of a crypto investment, and in June 2023 he was contacted by someone purporting to be from a company (which I'll refer to here as 'B') who said they could help Mr F recover his lost funds.

After completing several security checks; which Mr F said satisfied him the intentions of 'B' were genuine, 'B' asked Mr F to transfer £3,382 into his Revolut account in order to facilitate the recovery process.

On 19 June 2023 Mr F transferred funds into his Revolut account as requested. And with the assistance of remote access software, £3,392 was first exchanged into €3,928.05 before being transferred out of Mr F's account to a legitimate crypto exchange (which I'll refer to here as 'W') using his Revolut debit card.

Revolut didn't flag either transaction as suspicious.

Mr F said 'B' told him the recovered funds would be transferred into his Revolut account within 24 hours. When this didn't happen, Mr F realised he'd been scammed and contacted Revolut. A chargeback claim was raised but was unsuccessful. Revolut said:

'We have found no traces of fraudulent activity in your account. After a careful investigation, we have identified that the transaction(s) you've marked as unrecognised must have been authenticated by our additional security layer. This authentication process involved a manual confirmation of the transaction's validity made from within your Revolut app – this means that you would have acknowledged the transaction and would have tapped the button to confirm that you wished to proceed with it.'

Mr F complained to Revolut. In short, Revolut said it wasn't liable for Mr F's loss as he initiated and authorised the card payment. Unhappy with Revolut's response, Mr F referred his complaint to the Financial Ombudsman. He said he didn't authorise the payment to 'W' and that Revolut should've done more to protect him.

One of our Investigators considered the complaint but didn't uphold it. She was satisfied Mr F had authorised the payment and that the payment was unlikely to have appeared unusual to Revolut - given Mr F's previous account activity - for it to have been concerned he was at risk of financial harm from fraud.

Mr F didn't agree and asked for an Ombudsman to issue a final decision. He said there was sufficient evidence to prove he'd been the victim of a scam – and so his complaint should be upheld. Mr F maintained that he wasn't aware that funds would be leaving his Revolut account – and that all he'd consented to was to convert the funds to Euros. He said he genuinely had no idea that his funds had been transferred to 'W'.

Mr F accepted he'd received a notification from Revolut but believed this to be in relation to the conversion to Euros – and so had approved the payment on that basis.

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 not to uphold this complaint, for largely the same reasons as our Investigator. I know this is not the answer Mr F was hoping for and so this will come as a disappointment.

I've carefully considered all the evidence provided. And I'd like to assure Mr F that if I don't mention a particular point, it's not because I haven't considered it, but I've focussed instead on what I believe to be important to the outcome of this complaint.

I'm sorry Mr F has been the victim of a scam and I don't underestimate the impact this had on him. But while I'm sympathetic to Mr F's situation, I must consider whether Revolut is responsible for the loss he has suffered. And while I realise this isn't the outcome Mr F is hoping for, I don't think it is. I therefore don't think Revolut has acted unfairly by not refunding the €3,928.05 payment. I'll explain why.

Did Mr F authorise the payment?

Mr F says he didn't consent to the payment to 'W'. He says 'B' made him believe he was just agreeing to the conversion of the funds to Euros.

In broad terms, the starting position in law is that an electronic money institution (EMI) is expected to process payments that its customer authorises it to make. Here, although instructed and helped by the scammer, it's not in dispute that Mr F's correct card details were used to make the payment - nor does he deny authorising the payment via the 3DS authentication notification sent to his mobile phone through the Revolut App. So, Mr F did *authorise* the payment; insofar as he completed the necessary security steps to allow the payment to be processed.

But I must also consider whether Mr F *consented* to the payment. It's not in dispute that Mr F was the victim of a sophisticated scam, and from listening to the calls between Mr F and the scammer - I don't doubt that he believed everything 'B' was telling him. But the technical evidence provided by Revolut shows that Mr F did consent to the payment to 'W' by way of the notification on the App sent to his mobile phone. That notification showed the payment was going to 'W', what the amount was, and asked Mr F to '*confirm your payment*'. On that basis, I think it's fair to say Revolut made Mr F aware of what he was consenting to and specifically - that a payment (not a currency conversion) was being made.

While Mr F may not have been aware of the *specifics* of the payment, or the true purpose for it, this isn't required under the relevant Payment Service Regulations 2017 (PSRs) for payments to be considered authorised. Mr F would just need to have allowed the scammers to take the payment from his account, which Mr F has accepted he did by authorising the payment via his mobile phone.

On balance, while I understand Mr F was caught up in a scam, I'm persuaded he was aware, on balance, the payment to 'W' was leaving his Revolut account. In these circumstances, under the PSRs and the terms of his account, Revolut is expected to process Mr F's payment and he is presumed liable for the loss in the first instance.

Could Revolut have prevented Mr F's loss?

When considering the regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Revolut to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud. For example, if a payment was particularly out of character or suspicious. So, I've considered whether Revolut should have done more to prevent Mr F from falling victim to the scam.

I appreciate that Mr F has lost €3,928.05, which is a significant amount of money. But I don't believe that payment was *sufficiently* unusual to have alerted Revolut to the possibility of a fraud or scam. While this is larger than other payments made on Mr F's account in the previous two years, it's not an *unusually* large amount in more general terms. And I must bear in mind that it's not uncommon for people to make larger one-off payments from time to time to a new beneficiary in a normal operating account. In addition, the payment was made to a genuine company ('W').

It is also of relevance that Mr F frequently used his Revolut account for the purchase of crypto and for currency exchange. And whilst the account was inactive between June 2022 and May 2023 – I think, on balance, the payment to 'W' was in line with previous account activity, and so was unlikely to have been of concern or suspicious in nature to Revolut.

So, having considered the payment Mr F made to 'W', I'm not persuaded there was anything suspicious or out of character that ought reasonably to have triggered Revolut's fraud monitoring systems, or that would have indicated he was in the process of being scammed.

Taking everything into account, I don't disagree that Mr F has been the victim of a sophisticated scam. But I don't think Revolut could've reasonably prevented his loss. With that mind, I don't think it's fair or reasonable to hold Revolut accountable for Mr F's loss in the circumstances of this complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision **before 5 April 2024**.

Anna Jackson
Ombudsman