

The complaint

Ms B complains that Revolut Ltd won't refund a card payment of £298 she says she lost to a scam.

What happened

The background to this complaint is well-known to both parties, so I won't repeat it in detail here. But in summary and based on the submissions of both parties, I understand it to be as follows.

Ms B complains that on 21 July 2023 a £298 payment was taken from her Revolut account when she was on what she thought was a legitimate clothing selling site. Ms B says she advertised a jumper and believed it sold after she got a confirmation message through the selling website application. The message asked her to provide her bank details to verify the account and she then authenticated the payment in her banking application thinking this was part of the process.

Ms B then realised she had been scammed and raised a claim and complaint with Revolut. Revolut didn't think it had done anything wrong by allowing the payment to go through. So, Ms B brought her complaint to our service. Our investigator looked into the complaint but didn't think it should be upheld. Ms B didn't agree with the investigator's view, so the complaint's been passed to me for a final decision.

I issued a provisional decision on 08 December 2023. In it I said.

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 come to the same outcome as the investigator for largely the same reasons. I'll explain why.

I'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I understand Ms B has said this payment wasn't authorised by her. I've thought about this point carefully but given Ms B authenticated the payment by accepting it on her Revolut banking app by confirming the 3DS verification, I'm satisfied it was authorised. I also find it most likely Ms B would have been presented with the fact she was authenticating the payment and not just placing a freeze of some money on her account.

Prevention

I'm therefore satisfied Ms B authorised the relevant payment. 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 B is presumed liable for the loss in the first instance, in circumstances where she authorised the payment. 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 a bank 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.

I appreciate Ms B has raised the CRM code, but this wouldn't apply to her payment in any event because the CRM code doesn't apply to card payments - plus Revolut isn't signed up to the CRM code.

Having considered the amount of money sent to the scammer, I agree with the investigator when she said that it doesn't look unusual when it's considered against Ms B's previous spending. Ms B has made payments on more than one occasion over the last 12 months, and although these payments are mainly in Euros, they are of similar amounts. So, I'm satisfied that a payment of this size or currency wouldn't look sufficiently out of character for this account and wouldn't have triggered Revolut's payment checking process.

I'm aware Ms B has referred to Confirmation of Payee, but that isn't something that would apply to card payments.

I've also checked the official organisations that publish warnings about merchants that operate in the UK and abroad, to check if there were any warnings about who Ms B paid that ought to have triggered Revolut's fraud prevention systems. I've searched the Investor Alerts Portal of the International Organization of Securities Commissions ("IOSCO"), the international body that brings together the world's securities regulators. And the FCA (as the UK regulator) also has its own warning list, which is in place to share alerts and insight about merchants that have been identified as potentially being fraudulent or at risk of scamming individuals.

There were no such warnings about the merchant Ms B paid. So, this is another reason why I don't think the payment ought to have been automatically stopped or triggered any warnings by Revolut.

Recovery

After the payment was made, as it was made by debit card the only potential avenue for recovery of the payment would have been through the chargeback scheme. The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. Revolut is bound by the card scheme provider's chargeback rules. Whilst there is no 'right' to a chargeback, I generally consider it to be good practice that a chargeback be raised if there is a reasonable chance of it succeeding. But a chargeback can

only be made within the scheme rules, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. Time limits also apply.

Here, Ms B did raise a chargeback with Revolut on the basis that she didn't authorise the payment as I understand things. But Revolut said as Ms B did authorise the payment, such a chargeback had no prospect of success. I don't think this was unreasonable. Also,

unfortunately the available grounds for chargeback are extremely limited when it comes to scams. And given Ms B's payment was made to a payment service provider (rather directly to a scammer), I'm satisfied that a chargeback likely wouldn't have had a reasonable prospect of success. So, I don't think Revolut unreasonably failed to recover the payment after it had been made.

I realise this means Ms B is out of pocket. I'm really sorry she's lost this money. However, for the reasons I've explained, I don't think I can reasonably uphold this complaint.

Ms B responded with points for me to consider.

- She thought she was placing a freeze on the funds and not making a payment when she authorised it.
- The request came in very fast, and she was tricked into making the payment.
- She doesn't use her Revolut account in the UK on a regular basis. The account is used when she travels, and the payment was unusual and different.
- She feels the scammer asked her to use Revolut as payments are made quicker and with less security than other banks.
- Revolut could've done more to recover the money after the scam was reported.

Revolut didn't provide a response.

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 considered Ms B's further points carefully, including watching the television programme she sent in, I'm satisfied that they don't change the outcome I arrived at in my provisional decision. I'll explain why.

I understand Ms B was told by the scammer that she was only authenticating her account and the money would be frozen, but as I explained in my provisional decision, I'm satisfied it would've been clear from the Revolut app that she was actually making and authorising a payment. I appreciate this may have happened quickly and Ms B may not have paid attention to what she was being asked to do on the app, but I can't hold Revolut responsible for that. Revolut have also sent me screen shots of what Ms B would've seen at the time, and they confirm my comments above. So, whilst I've thought really carefully about everything Ms B has said about this, I remain persuaded that I can't fairly tell Revolut to refund the payment as unauthorised.

This means I have no doubt Ms B has been the victim of a scam here. She has my sympathy. Ultimately, however, Ms B 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 B her loss (or part of it) if I thought Revolut reasonably ought to have prevented the payment in the first place, or Revolut unreasonably hindered recovery of the funds after the payment had been made. And I explained in my provisional decision why I wasn't persuaded on either of those things.

I'm still satisfied that the payment wouldn't have looked significantly unusual enough for Revolut's fraud detection system to pick it up and flag it, for all the reasons I gave in my

provisional decision, particularly bearing in mind what I said about Revolut needing to strike a balance between identifying payments that could be fraudulent, and minimising disruption to legitimate payments (allowing customers ready access to their funds).

I realise this means Ms B is out of pocket. And I'm sorry she's lost money. But I can't reasonably tell Revolut to reimburse her in circumstances where I don't think it did anything wrong.

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 Ms B to accept or reject my decision before 8 April 2024.

Tom Wagstaff
Ombudsman