

The complaint

Mr T complains that Revolut Ltd did not refund the money he lost as part of a scam.

What happened

Mr T shared sensitive credit card information from a third-party bank when he was in a vulnerable state. He quickly realised this and cancelled the card, but the following day he was told three payments had been attempted on his account with the third-party bank and he confirmed he had not authorised these. The caller confirmed they would contact his other banks to let them know of the situation. The following day he received a phone call from the fraud team at another of his third-party banks who provide his main bank account. However, this turned out to be a fraudster.

Mr T looked up the number he was being called from and it was linked to the genuine bank, so he felt secure he was talking to the fraud team. They asked him what other accounts he held so they could reach out to them on his behalf. He confirmed he had savings with a different bank and the fraudster confirmed fraudulent attempts were being made to access his savings account. As Mr T's savings are his main source of income, he became panicked and was already in a vulnerable state.

He was advised to transfer his funds from his savings account to his current account, so his maximum daily limit was reached and the fraudster could not transfer any more. Mr T did so, but he was then told his current account was at risk. He was then advised to move his funds from his current account to his Revolut account, and he did so in two transactions of £5,000. He was then advised to send the funds to a 'shadow account' overnight. A random amount was generated for the transfers and so Mr T send £7,923 and £2,000 to an account in a 'supervisors name'. He was told there would be educational messages but not to be concerned about them.

Mr T was told he would receive a call back from the supervisor the following morning and ended the call. Soon afterwards, he grew concerned and called back his current account provider to find he had been talking with a fraudster and had transferred his funds as part of a scam. He contacted Revolut as soon as possible to let them know, but they confirmed only £2.02 remained in the beneficiary accounts. And they said that as they provided warnings prior to the payments being made, they would not refund Mr T with the lost funds.

Mr T referred the complaint to our service and our Investigator looked into it. They felt that Revolut should have provided a warning but noted Mr T did not select 'transfer to a safe account' when he was asked for the payment purpose and instead selected 'something else'. So, they did not think Revolut could have provided a more effective warning in the circumstances, based on the information provided by Mr T.

Mr T did not agree with the outcome. He said, in summary, that he had no previous knowledge about safe account scams so did not know what to select and highlighted that he was being coached what to do over the phone by the scammer at the time.

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.

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 T authorised the payments in question as he believed he was doing so to keep his account safe. So, while I recognise that he didn't intend the money to go to scammers, the starting position in law is that Revolut was obliged to follow Mr T's instruction and process the payments. Because of this, he 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 T's account safe.

Mr T had held his Revolut account for a few years but had not actively used it much prior to the scam. So, there was not much genuine account activity for Revolut to compare the scam payments to. It should be noted that Revolut is an e-money provider, so their accounts are not used in the same way as mainstream bank accounts. They are more likely to be used for one off payments for example. With these factors in mind, considering the value of the payments and the lack of previous genuine account activity, I don't think a staff intervention was required in the circumstances, however I do think a warning would have been a reasonable response to the risk level the payments posed.

Revolut is only able to provide a warning based on the information provided to them. I can see Revolut asked what the purpose of the payment was, and Mr T had some drop-down options to select from. One of these options was 'transferring to a safe account', which better matched his situation. But I understand his point that he wasn't aware of that terminology, and instead the scammer called it a 'shadow account'.

Unfortunately, I don't have a copy of the correspondence between Mr T and the scammer, as they communicated over the telephone. So, it isn't possible for me to know exactly what was said on the call. But Mr T has said that during the call, including the payment process, he was being coached by the scammer firsthand. So, I think it is also possible he was guided to provide answers to Revolut that would attract the least attention to the scam.

As mentioned previously, Revolut was only able to provide warnings based on the information available to it, and in this case, I don't think they could have provided a relevant warning about safe-account scams as there was no clear indication one was occurring on Mr T's account.

Mr T has mentioned his vulnerable state at the time, and I appreciate him sharing these details with us. While we would expect a bank or account provider to take into account any known vulnerabilities of their consumers when processing payments, I can't see Revolut would have been aware of Mr T's circumstances at that time. So, I can't agree they've acted unfairly in this case.

I've also considered whether Revolut could have done more to recover the funds, as Mr T raised the scam claim with them soon after it occurred. I have reviewed the beneficiary bank account statements to see if any funds remained when Revolut was made aware of the scam. However, I'm satisfied most of the funds were removed within one hour of the scam occurring, and before Mr T made Revolut aware of it. So, I don't think Revolut has made an error in the circumstances.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 10 September 2024.

Rebecca Norris
Ombudsman