

The complaint

Mr M complains that Revolut Ltd ('Revolut') won't refund the money he lost after falling victim to a scam.

What happened

On 22 June 2023, Mr M received a call from someone who told him a warrant was issued for his arrest due to tax evasion. Mr M was told that he had to pay immigration tax, and unless he did, he would be arrested, his passport would be confiscated, his account would be frozen, and he would black-listed from applying for loans or credits. Unfortunately, this was a scam.

Mr M was told to expect a call from the City of London Central Criminal Court and to answer the call. Mr M received the call as expected and says when he searched the number online, it was listed as a phone number for the Court.

Mr M was told he had to pay £3,500. Mr M didn't have the money to make this payment and told the caller. The caller suggested that Mr M borrow the money but told him not to discuss the matter with any third parties, not even his family. Mr M's wife transferred the funds to his Revolut account, and he tried to make the payment to the payee details given by the caller. But the payment wouldn't go through. The caller told Mr M that his account must have been frozen and gave him different account details to make the payment. This time the payment went through.

After making the payment Mr M was told to send a screen shot confirming the payment via a messaging service. In response, Mr M received an "allegations cancellation notice for [Mr M's name]". He then received a request for a further payment of £1,900 at which point he realised he'd been scammed and contacted Revolut.

Revolut raised a fraud claim for Mr M and contacted the beneficiary bank that received the funds. Having reviewed Mr M's fraud claim, Revolut declined to refund him. Revolut say Mr M was shown a dynamic warning when he set up the new payee and that they'd tried to recover Mr M's funds.

Mr M wasn't happy with Revolut's response, so he brought a complaint to our service.

An investigator looked into Mr M's complaint and didn't uphold it. The investigator felt the payment Mr M made wasn't unusual or out of character, so they wouldn't have expected Revolut to have been concerned or intervened.

Mr M disagreed with the investigator's opinion saying the payment was significantly higher than previous payments made on this account, therefore Revolut should've intervened and could've prevented his loss. Mr M asked for an ombudsman to review his case.

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 broad terms, the starting position in law is that Revolut are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the customer's account. And I have taken that into account when looking into what is fair and reasonable in this case. But Revolut also has to be on the lookout for, and help to prevent, payments that could involve fraud or be the result of a scam.

It's not disputed that Mr M made and authorised this payment, although I accept that this was as the result of a scam.

Should Revolut have done more to prevent the payment

When Mr M made the payment, Revolut say the payment flagged with them as suspicious, so they showed Mr M an on-screen dynamic warning. As Mr M selected the payment purpose of "payment for goods and services", the warning was tailored to the type of scams Mr M might encounter in those circumstances. The warning said:

"Is the price too good to be true? Fraudsters advertise goods and services online for unrealistic prices

Payment method: Check if there's a recommended payment method and be sure to use that

Research the seller: Before making a payment, do your research and look at reviews of the seller".

This warning wouldn't have resonated with Mr M as he had fallen victim to an HMRC scam.

Mr M says he chose the "goods and services" payment purpose as he was told he was paying a solicitor of the court and was following the instructions of the scammer who was telling him how to make the payment. There was a payment purpose for "paying HMRC or Tax Authority", which is likely to have given a more impactful warning for Mr M's situation, however Revolut can only provide a payment warning based on the information they have about the payment being made.

In this case, Mr M chose a payment purpose which prevented an effective warning being provided, and as the payment was being made to an individual payee and not to HMRC or a payee obviously recognisable as linked to HMRC, I'm not satisfied that I can fairly say Revolut should've identified it was an HMRC scam and provided a different warning to Mr M.

The payment that Mr M made was for £3,500 and I appreciate that this is a significant amount of money for Mr M. But, taking into account the size of the payment and Mr M's previous account use, I'm satisfied that Revolut took reasonable steps by issuing an on-screen warning. I'm not satisfied that the payment was so out of character or unusual that I would've expected Revolut to have discussed the payment with Mr M.

As I'm satisfied that Revolut took appropriate steps by providing an on-screen warning, I can't fairly say they did anything wrong or ask them to refund Mr M.

I've also considered whether Revolut could've recovered the funds once Mr M made them aware of the scam. Unfortunately, within 10 minutes of Mr M reporting the scam to Revolut, all of the money had been removed from the beneficiary's account. So, I'm satisfied there is nothing more Revolut could've done to attempt to recover the money for Mr M.

I'm really sorry to disappoint Mr M as I understand this financial loss has had a huge impact on him, as well as the emotional impact of being the victim of a scam. However, having carefully considered all of the evidence, I can't fairly ask Revolut to refund him.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 22 May 2024.

Lisa Lowe
Ombudsman