

The complaint

F, a limited company complains that Revolut Ltd didn't do enough to prevent the loss it suffered when it sent money to two Revolut accounts as the result of a scam.

Mr B (F's owner) has brought the complaint on F's behalf and has used a representative when doing so. But for ease of reading, I'll mostly just refer to Mr B where I mean either his company F or his representative.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here. In 2022 Mr B was the victim of a scam. He believed he was in contact with his genuine supplier, but it transpires that their emails had been hacked and some of the emails he received were from a scammer (albeit they came from the correct email account).

As a result of this he made three consecutive monthly payments to settle his invoices to the payment details provided in the emails. But the accounts that received the funds didn't belong to the supplier. Two of these accounts were held with Revolut and a third was held with bank 'B'.

The payments that went to the Revolut accounts were €102,562 in August 2022 (to account 'S') and €38,283.80 in September 2022 (to account 'M'). I'm aware there was a further payment to the account held with B in October 2022 for around \$70,000.

When Mr B discovered the scam he reported this and his bank (which is based outside the UK) in turn informed Revolut. Ultimately Revolut were able to recover just over €34,000 from the two accounts and B returned around £330. This obviously is less than Mr B had sent and he complained to both Revolut and B that they had allowed scammers to open and operate accounts. Revolut declined to provide any further reimbursement and the matter was referred to our service. A similar complaint about B was considered by one of our Investigators and wasn't upheld.

One of our Investigators didn't recommend that this complaint should be upheld either. She thought Revolut had acted fairly in the circumstances. Mr B disagreed and asked for an Ombudsman to review the complaint. In January 2024 I issued a provisional decision in which 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 reached a different outcome to that of our Investigator. So, I'm issuing this provisional decision to give everyone a further opportunity to comment before finalising my decision.

I'm aware of the linked complaint about B and the surrounding circumstances, but this

decision solely relates to the actions of Revolut.

Firstly I'm satisfied that Revolut took appropriate proof of identity and conducted sufficient checks when opening both account M and account S. I don't think there was anything at that time that reasonably could have alerted them that the accounts they were opening would later go on to be used in connection with a fraud or scam.

I also accept Revolut's explanation that neither account had any prior notifications of fraud (before receiving the payments from Mr B). And having reviewed the account activity, I don't think there was anything on either account prior to the arrival of each payment from Mr B where I'd have expected Revolut to have intervened in the accounts or otherwise done more. So, I don't think the loss was preventable in this way.

And even if I'm wrong on the above points, the evidence shows that the scammers were also in control of an account with B. So if Revolut ought to have taken action on either of its accounts before the arrival of the payments from Mr B, I'm not persuaded this would have made a difference. In this case, I think it's most likely the scammer would have simply instructed for the payments to have been made to the account with B instead and Mr B wouldn't have therefore ended up in a meaningfully different position.

The payment that arrived in account S credited that account as €102,506 on 29 August 2022. Revolut acted (ahead of the notification from Mr B) and around €17,000 was returned as a result. But for this particular account, I think Revolut ought to have acted sooner than they did. On the day Mr B's payment arrived there was a spend of £100. The funds were subject to a currency conversion and were then transferred out in the following way:

Number	Time and Date	Amount	Beneficiary
1	8.41am 30 August 2022	£10,000*	'O'
2	9.19am 30 August 2022	£200	'P'
3	9.30am 30 August 2022	£10,000	'F'
4	9.33am 30 August 2022	£5,000*	'P'
5	9.49am 30 August 2022	£5,000	'H'
6	10.28am 30 August 2022	£10,000	'F'
7	11.26am 30 August 2022	£25,000	'V'
8	1.28pm 30 August 2022	£11,572.29	'R'
9	1.45pm 30 August 2022	£6,295	'L'
10	2.27pm 30 August 2022	£2,500	'T'
11	12.48am 31 August 2022	£1,660	'F2'

This left a remaining balance of just over £5. The payments marked with an * above are those that were later recovered and returned to Mr B.

By the time payment seven was instructed at 11.26am on 30 August 2022 I think it was unreasonable for Revolut not to have blocked the account and made further enquiries. At this point they had a relatively newly opened account (without a history of activity to use as a reference) that they were expecting to turnover around £120,000 per year. And outgoing payments totalling over £65,000 had been instructed in under three hours. I think this activity was sufficiently indicative of potential misuse of an account such that Revolut should have blocked the account and looked closely at it.

I then think that things would have worked out largely as they did when Revolut did review the account. That is that it remained blocked, and the accountholder wasn't allowed to continue to access it. Accordingly, I think the remaining balance at that point, (£47,032.54) would have been available for recovery. And as I think it was Revolut's inaction that caused these funds to no longer be available, I think it is fair and reasonable that this amount be paid to Mr B. The funds should be sent in such a way that Mr B receives the equivalent amount of euros that he would have received had the refund taken place on 12 November 2022, using the exchange rate on that date.

As Mr B has been without those funds that he otherwise would have had access to and the use of, I think 8% simple interest should be added to the award to compensate for the loss of use of that money. The funds that were recovered were sent back on 12 November 2022. And if more had been available, I think it's likely that is the date upon which they would have been returned. So, the interest should be calculated between that date and the date of settlement.

I appreciate that Mr B is likely to argue that Revolut ought to have intervened sooner than I've set out above. But I think there is an important distinction to be made between Revolut potentially being concerned for their own customer, which likely would have involved the display of warnings or an online chat with its agents. But as the accountholder was most likely complicit in the scam, I don't think any proportionate response that might have come at an earlier point would have resulted in the account being blocked. And it's not until the point I've set out above, that not blocking the account could fairly be considered unreasonable such that Revolut should pay redress.

The funds that have already been recovered, came from payments I don't think Revolut reasonably ought to have stopped, so it wouldn't be fair to use these to offset the payment I intend to direct Revolut to make.

The payment that arrived in account M credited that account on 29 September 2022 as €38,283.80. Spending of these funds then began from the account and in total around £18,000 was transferred out. Revolut again acted and blocked the account. It was Revolut's actions that meant almost £15,000 was recovered and ultimately returned to Mr B. Given the nature of account M with it's expected and intended use, I wouldn't have expected Revolut to have acted sooner than they did. As such, I don't think they are responsible for the loss that arises from the funds that were sent from the account prior to them taking action. And as the remainder of the funds have now been returned, there isn't a reasonable basis upon which I can require Revolut to do more in relation to account M.

Obviously Revolut's actions in relation to both accounts took place before Mr B (or his bank) reported the scam to them. So I don't think there were any failings in their recovery efforts that make a difference.

I've also thought about whether Mr B ought to bear some responsibility for his own loss due to contributory negligence. But in the circumstances of the payment to S, which was the first of the series of payments made as a result of the same scam, I don't think he should. The invoice I've seen doesn't look to be obviously fraudulent and the scammer used the same

email address as the genuine supplier. So I don't think when instructing that payment that Mr B knew or reasonably ought to have suspected something was amiss but carried on anyway such that a reduction in award would be appropriate.

Putting things Right

Revolut Ltd should pay F the equivalent amount of euros that it would have received had £47,032.54 been returned on 12 November 2022. 8% simple interest should be added to this amount to be calculated between 12 November 2022 and the date of settlement."

Mr B didn't respond to my provisional decision. Revolut responded with some comments that I'll address below.

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.

Revolut say that they aren't required to have 'real time' transaction monitoring for AML purposes. They have highlighted some case law in support of this. They have also said that they don't believe that intervention in the account in the way described above is a reasonable expectation.

I've considered this but I don't agree. The terms of the Revolut account allow for access to be restricted and the account blocked in certain circumstances. And, as explained above, there was a relatively newly opened account (which can present an increased risk compared to a more established connection) which had received a significant amount of what might be expected in the whole of its first year of trading and was then in the process of sending that money out, with £65,000 being instructed in just a few hours. In these circumstances I maintain that it isn't unreasonable to expect Revolut to have acted.

Further to this, in very similar circumstances, Revolut's actions in relation to account M took place more promptly than they did for account S. The notes from Revolut show that account M was reviewed the same day that the payment arrived from Mr B (ultimately leading to the recovery from that account). So I don't agree that the timescale I've suggested above for intervention by Revolut is unreasonable or something that they don't do. And I've no reason to think that upon a review of account S, that Revolut wouldn't have taken the actions they took when they *did later* review the account.

Revolut's own account review identified a number of issues and concerns, and it appears at that point the accountholder stopped engaging with them. So whilst Revolut have highlighted that their customer had provided a document to attempt to evidence the source of the payment from Mr B, this wasn't accepted during the account review. And I think it would have been the same had the review taken place sooner. The funds in both accounts M and S at the point of the respective account reviews, remained available for recovery. And again, I don't think this would have been different if the review had taken place sooner. So overall, having carefully considered Revolut's further submissions, I'm not persuaded to deviate from the outcome explained in my provisional decision.

My final decision

For the reasons outlined above, my final decision is that I uphold this complaint Revolut Ltd must take the steps outlined at 'Putting things Right' above.

Under the rules of the Financial Ombudsman Service, I'm required to ask F to accept or reject my decision before 30 April 2024.

Richard Annandale
Ombudsman