

The complaint

Mrs H complains that Revolut Ltd won't refund her the money she lost after she fell victim to an Authorised Push Payment (APP) scam.

What happened

The details of the complaint are well known to both parties, so I will not repeat them again here. Instead, I will focus on giving the reasons for my decision.

In summary Mrs H says she saw an advertisement on a social media platform promoting investing in crypto currency. Mrs H expressed interest in the advert and was contacted by the scammer, who said he was calling from a company which I will refer to as A. Mrs H was told if she wished to proceed, she would need to open an account with Revolut and a fake trading platform. Mrs H proceeded.

Mrs H did conduct some research, she tried to find A on companies house but was unable to do so. She did look at the trading platform and she was convinced by how professional it looked. And while Mrs H can't remember the return she was promised, she does remember that it seemed reasonable. This persuaded her more that it was a legitimate company.

She originally transferred £250 from an account she holds with a third party. Mrs H had seen that her original investment had been successful and after seeing it increase to a level she was happy with, Mrs H decided she wanted to withdraw her funds. However, the scammer said Mrs H would be required to pay a fee as her *'balance was over the threshold,'* as such she would be required to pay a taxation fee. While Mrs H felt reluctant to do this, she also felt backed into a corner, so on 21 November 2022, she transferred £3,100 to the scammer, to an account in an individual's name. Mrs H was then asked to pay a further fee, it was at this point Mrs H realised she had been scammed. She says Revolut ought to have done more to protect her from the scam.

Revolut said the payment didn't trigger their fraud prevention systems and they provided a new payee warning to Mrs H when she was making the payment. As such, it didn't think it needed to do anything more.

Our investigator looked into the complaint but he didn't recommend it be upheld. Mrs H's representative didn't agree so the complaint was passed to me.

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 agree with the investigator's findings for broadly the same reasons. I will explain why.

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. In broad terms, 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 customer's account. A customer will then be responsible for those transactions that they have authorised.

It's not in dispute here that Mrs H authorised the payments. So, while I recognise that she didn't intend for the money to go to scammers, Mrs H is presumed liable in the first instances as the payment was authorised by her. However, I am satisfied that, taking into account regulatory expectations and requirements and what I consider to have been good industry practice at the time, Revolut should fairly and reasonably have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances. So, I've also thought about whether Revolut did enough to try to keep Mrs H's account safe.

Based on this I've considered carefully the payments Mrs H made, and whether Revolut should've been concerned that Mrs H might be at risk of financial harm from fraud. Having done so, I'm not persuaded the payments she made were remarkable enough for Revolut to have intervened and questioned Mrs H as to the purpose of the payments before processing them.

Mrs H's representative has said that the fact the account was newly opened, Mrs H had set up a new payee and sent £3,100, which was unusual and large spending, was enough to say Revolut should have been concerned and should've 'triggered' an intervention. I disagree.

While I accept that the amount of money Mrs H sent is clearly significant to her, this doesn't in itself suggest a heightened risk of fraud. I also acknowledge that the transaction was the first on the account, as such, there was no previous history to consider. I accept that newly opened accounts can present a greater risk of misuse compared to established accounts. But it's important to note that there is a difficult balance to be struck between firms identifying payments that could potentially be fraudulent and minimising disruption of legitimate payments. It would be impossible to prevent all fraud without a significant number of genuine payments being delayed considerably and inconveniently. So, while it was a new account, and a substantial amount to Mrs H, I am satisfied it wouldn't have stood out as unusual, I say this because, in context of what I would generally expect a bank to identify as suspiciously large, the amount itself isn't remarkably high.

Secondly, I have gone on to consider the fact it was a new payee. Mrs H's representative has said Mrs H was not presented with any detailed warnings. However, Revolut has provided evidence to show that Mrs H was issued with a new payee warning which asked Mrs H if she knew the payee and outlined that Revolut may not be able to assist in recovering the funds. And while I agree this isn't a detailed warning, it did prevent Mrs H from moving forward, without her acknowledging the details are correct, which would have given Mrs H time to reflect on why she was transferring the funds to an individual's name oppose to company A. There was one payment to a new payee of an amount which I am satisfied wouldn't have been substantial or suspicious. This doesn't fit the typical hallmarks of this type of scam.

Lastly, Mrs H's representative has said that Revolut ought to have identified this payment as unusual or suspicious, as Mrs H has never invested in crypto-currency previously and this new payee was associated with crypto-currency. I don't agree this was the case. The new payee Mrs H authorised was in an individual's name. It was not sent to a company which appeared to be linked to company A, or direct to a crypto-currency exchange – so Revolut wouldn't have been aware of any heightened risk of harm from fraud associated with crypto-

currency investment. However, even if the payments had gone directly to a crypto-currency account, people can and do legitimately invest in crypto-currency, so it doesn't automatically follow that Revolut ought to have been concerned even if the payments had gone directly to a crypto-currency account. Therefore, I can't reasonably conclude there was anything to indicate any suspicious circumstances around where the money was being transferred to.

I've thought about whether Revolut could have recovered any of the funds Mrs H lost when it was made aware of the scam. And while the funds were transferred to another Revolut account, due to where the account is held, Revolut was unable to recover the funds. However, I have also considered the fact that the scam wasn't reported immediately and due to the nature of these scams, the funds are usually immediately removed from the beneficiary account. So, it's highly unlikely the funds would be recovered.

I have a great deal of sympathy with Mrs H being the victim of what was clearly a cruel scam that has had a significant impact on her, not just financially but also because the fraudster deceived her and gained her trust. But I don't find that Revolut has acted unfairly in processing the payments Mrs H made and in turn I've decided Revolut isn't responsible for reimbursing her.

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 Mrs H to accept or reject my decision before 20 June 2024.

Jade Rowe
Ombudsman