

The complaint

Mrs M complains that Revolut Ltd didn't stop or recover a payment she made to a scammer.

What happened

In September 2023, Mrs M received a phishing text message purporting to be from a delivery company she was expecting to receive a parcel from. Following this, she received a scam phone call from someone who claimed to be from her bank. They tricked her into moving money into her Revolut account and then into making a card payment which they benefited from. The scammer tried to get Mrs M to make a second payment, but she then realised she'd been scammed. She reported the first payment to Revolut soon after it happened and while it was still pending on her account, but Revolut wasn't able to stop the payment or recover the funds.

Mrs M complained to Revolut and her bank. Neither upheld her complaints. Revolut explained it wasn't able to stop the payment after Mrs M had made it. And it couldn't successfully make a chargeback claim for her as this was a scam situation. Mrs M brought her complaint to our service, but our investigator didn't uphold it. Mrs M asked for a decision as she said that both companies could've done more to protect her funds and realise this was a scam.

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 at law is that an Electronic Money Institution ("EMI") such as Revolut is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) ('PSRs') and the terms and conditions of the customer's account.

While I accept Mrs M didn't understand the true destination of the payment she was making, she has confirmed she knew she was making a payment. She believed she was sending her money to a Revolut Vault to protect it. But the fact she understood, by completing the step she did, a payment would be leaving her account is enough to say, under the PSRs, it was authorised by her.

But, taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable in September 2023 that Revolut should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;

- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – (as in practice Revolut sometimes does including in relation to card payments);
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

I have thought about whether Revolut ought to have considered this payment posed a heightened risk of financial harm from fraud or could be a scam, but I don't think it did. Mrs M had held her Revolut account for well over a year and while she hadn't used it for a purchasing a larger item before, she did use it for general spending.

Her general pattern of usage on the account was to top it up and then spend on her card. Genuine spending on her statements shows gaps between her account usage, but then this pattern. In the same way, on the day of the scam, she topped the account up and then made a card payment to a genuine firm. Considering the value of the payment; the destination; and how Mrs M used her account before, I don't think Revolut needed to intervene here.

I've considered whether Revolut could've done more to stop the payment after Mrs M made it, but I also don't agree it could have. When a payment shows as 'pending' that doesn't mean that it can still be recalled. Mrs M and Revolut had completed all the steps on their side by the time the scam was reported, so the payment had already left Revolut's control. It showed as pending as it was waiting for the recipient to do their required actions, not because it hadn't yet been processed by Revolut. Had the merchant declined it, it would've returned to Mrs M, but that's not something Revolut could make happen.

Revolut explained the chargeback process to Mrs M and reviewed her claim. But looking at the evidence provided and the situation, it didn't then log a formal claim with the chargeback scheme. I think this was the correct action in this case.

The recipient of the funds in this case was a genuine merchant. It seems the scammer used Mrs M's money to purchase a/some refurbished electronic device/s. Mrs M wouldn't be able to meet the requirements of a chargeback claim as while it was her money used, she didn't make the purchase. So she didn't hold any of the evidence needed to successfully claim misrepresentation or breach of contract by the merchant. And it's most likely the merchant did fulfil the contract, it just sent the item/s bought to the scammer, not Mrs M. The scheme wouldn't allow Mrs M to be refunded when the merchant had sent the items and completed the sale as agreed.

Mrs M has said Revolut ought to have done more to realise this was a scam. But I don't agree. I accept that Mrs M has lost a large sum of money in this case, but I don't think Revolut made mistakes that led to this loss. And there wasn't an option for it to recover the funds. So I'm not directing it to do anything more or compensate Mrs M.

My final decision

For the reasons set out above, I don't uphold Mrs M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 26 July 2024.

Amy Osborne
Ombudsman