

The complaint

Miss K complains that Revolut Ltd did not refund a series of transactions she lost to a scam.

What happened

Miss K received a call on 321 October 2023 from someone claiming to be a manager at a third-party bank she held an account with. They said her account was compromised and over the course of a six-hour conversation, Miss K told them about her other accounts, including her Revolut one, as well as her full name, address and bank details. Unfortunately, she did not realise she was speaking to a scammer.

She was instructed to move some money between her accounts, before transferring £7,900 from her Revolut account to a third party. The scammer told her that all her funds would be reimbursed, but they had to move them temporarily so the fraudsters could not access them. She was also told her cards needed to be securely destroyed, and was instructed to place her debit cards, including her Revolut card, into an envelope, along with her provisional driver's license, and hand it to a driver waiting outside. She did so and was told the driver would take the cards to the headquarters of the bank to be safely destroyed.

Following this, Miss K says she spoke with the scammer every day for the next two weeks and followed the instructions given. These were to make further transfers, and approve transactions on her Revolut app, including payments to cryptocurrency. She was advised to top up her Revolut account with £3,000 per day and continued to make transfers out to protect her account. During this time, a number of cash withdrawals occurred on the account which Miss K says she did not carry out.

Revolut eventually made the decision to block her account as they had concerns, she was the victim of a scam. Miss K says that she told a friend about the situation, and they warned her that she was likely the victim of a scam, and this prompted her to contact Revolut to raise a scam claim.

Revolut responded and confirmed they could not recover the funds via a chargeback request, which gives additional protection to payment made by debit card. This was because they had no chargeback rights, as they could find no evidence of fraudulent activity on Miss K's account. And they did not agree to refund the payments carried out by card as they felt Miss K had failed to keep her security details and Revolut Card safe. And they felt they had provided sufficient warnings for the payments Miss K authorised herself.

Miss K referred the complaint to our service and our Investigator looked into it. They felt that the unauthorised transactions, including the cash withdrawals, occurred because Miss K had handed over her debit card to the scammer. And while she said she did not provide her personal identification number ("PIN"), there was no other point of compromise to the PIN which the scammer had to use in order to withdraw cash. So, they felt it was more likely Miss K failed with intent or gross negligence to keep her security details of her account safe, and they did not recommend a refund of the unauthorised transactions.

For the authorised transactions that Miss K had been tricked into making herself, the

Investigator felt Revolut had taken steps to try and protect the account. They had stopped a number of payments for further checks and asked for more information about the purpose of the transactions. Each time, Miss K was carefully guided by the scammer to answer the questions in a way that would not raise suspicion and would ensure the payments were processed. So, the Investigator did not think Revolut could have done more in the circumstances and did not recommend reimbursement.

Miss K did not agree with the outcome and did not provide any additional comments or evidence for us to consider. 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.

I'm satisfied that Miss K has been the victim of a scam, and I'm sorry she has had to go through this experience. She has raised a complaint about transactions she was tricked into authorising, and ones she says she did not authorise and was unaware of. Authorised and unauthorised transactions that are disputed are treated differently, so I will separate these within the decision.

Unauthorised transactions

Generally speaking, the starting point is that Revolut is able to hold Miss K liable for the disputed transactions if the evidence suggests it's more likely than not that she made or authorised them herself. This position is confirmed in the Payment Service Regulations 2017 (PSRs) and the terms and conditions of the account. Miss K has said that a number of the transactions were not carried out by her, these comprised of cash withdrawals and some payments that she was instructed to click on the Revolut app to approve but she did not instigate herself.

From what I've seen, the cash withdrawals were made using Miss K's genuine Revolut debit card and her correct PIN. And the other card payments Miss K has said she does not recognise were carried out using her genuine card details. While this is important, it isn't enough on its own to say Miss K is liable for the transactions. Revolut also has to show it's more likely than not that Miss K herself made or otherwise authorised the transactions, or that she was grossly negligent in her actions.

Miss K has said she handed over her Revolut debit card, along with her provisional driver's license to the scammers but that she was tricked into doing so. And she has said she did not reveal her PIN to anyone. The Revolut terms and conditions state:

We won't refund any money if you've acted fraudulently, or you intentionally or carelessly failed to keep your security details or Revolut Card safe (unless you told us about this before the payment was taken from your account). For example, we won't refund you if you gave someone your Revolut Card PIN and they made a payment using your card without you knowing about it.

I've considered whether it was careless for Miss K to hand over her Revolut card to the scammer. Looking at the evidence provided, it appears the scammer called from a withheld number, and not one associated with a bank she held an account with. And I think this could have given Miss K cause for concern over who was actually calling her. She has also said they convinced her to give them information such as her full address and details of other bank accounts. Which is unusual for a bank to request, as they should already have her

personal information and would not normally ask about third-party accounts. Finally, I do not think it is reasonable to agree to hand over multiple debit cards from separate banks to a stranger who was supposedly a driver, who would take them to be destroyed. And on balance, I think it was careless of Miss K to do so.

I appreciate that Miss K has said she did not divulge her PIN to anyone. I can see that her genuine Revolut card, which Miss K has told us she handed over to the scammer, and her PIN was used to carry out the cash withdrawals. With this in mind, the only reasonable point of compromise for Miss K's PIN is if she shared it with the scammer. She's told us that she shared her full name, address and other banking information, so on balance I think it's more likely she also shared her PIN, as there is no other explanation for how the scammers knew it.

Revolut has confirmed that the third cash withdrawal was declined by their automated fraud detection system, and Miss K's debit card was frozen as a result. In order for future withdrawals to be made, Miss K had to log into her Revolut app and re-activate the card, which I can see she did. With this in mind, I think it's more likely Miss K was aware her card was being used for cash withdrawals but despite this she allowed the scammers to continue to make withdrawals.

Having carefully considered everything available to me, I think Miss K was careless when she failed with to keep her account details safe, and as I think she was grossly negligent in the circumstances, I don't require Revolut to refund Miss K with the unauthorised transactions.

Authorised transactions

As mentioned earlier, 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 Miss K authorised a number of payments as she believed she had to in order to keep her funds safe. So, while I recognise that she didn't intend the money to go to scammers, the starting position in law is that Revolut was obliged to follow Miss K's instruction and process the payments. Because of this, she 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 Miss K's account safe.

I can see that Revolut did intervene early on in the scam, including the very first transfer out to the scammer for £7,900. Miss K was asked to confirm if anyone was guiding her in her answers, which she selected 'no' for. She was then asked what the purpose of the payment was, and she selected 'family or friend'. She was then asked for more details which she responded with 'Birthday' and she confirmed she had been provided the bank details for the payment through a face-to-face interaction with the person.

A further two payments were stopped a few days later with the same security questions asked, which Miss K answered similarly. For these, Miss K was required to sign a document confirming she had been warned by Revolut about the suspicious nature of the payments

and she accepted the risk. As mentioned previously, Revolut also noticed an earlier cash withdrawal was unusual so asked for confirmation Miss K was aware of the withdrawal which she confirmed she was. As the genuine card and PIN were being used, I don't think Revolut could have done much more at that point to prevent the withdrawals.

Miss K has confirmed that she carried out the transactions whilst on the phone with the scammer, and they guided her on how to answer the questions in order to get the transfers processed. I therefore think Miss K was deep under the spell of the scammer at that point, and any intervention from Revolut would not have revealed the scam. Revolut is only able to act on the information provided to it, and as Miss K was being guided to ensure the scam was not spotted, it is difficult for me to agree that Revolut could have done more in the circumstances that would have led to the scam being revealed. I also have to consider that it took many weeks and a conversation with a friend to finally uncover the scam, so I don't think further questioning by Revolut could have broken the spell of the scammer.

I can see that after two weeks, Revolut continued to have concerns over the transactions on the account and made the decision to place a block on the account so no further payments could be made. On balance, I think this was a reasonable response to the risk level on the account at that time. Despite Miss K's answers about the transactions, there continued to be a high level of activity on the account that appeared to be unusual. So, I think making the decision to allow no more payments out of the accounts was reasonable and the best way to protect her account at that point. As mentioned previously, it was not until a while after this that Miss K spoke to a friend about the situation, and they alerted her to the fact she was the victim of a scam.

Having carefully considered everything available to me, I think Revolut intervened as I would have expected them to, however I don't think it was possible for them to break the spell and reveal the scam. I think they placed a block on the account once the risk level increased to an unacceptable level, so I don't think Revolut have made an error in the circumstances. I therefore do not think Revolut needs to reimburse Miss K with either the authorised or unauthorised transactions made as part of the scam.

Miss K raised chargeback claims for the cash withdrawals, however Revolut confirmed that as the genuine card and PIN were used, there was no evidence of fraudulent activity, so they did not pursue a claim. As I have concluded that Miss K acted with gross negligence in connection to the cash withdrawals, I think it was reasonable that Revolut did not pursue a chargeback claim.

I can't see that Revolut attempted to recover the transfers from the beneficiary accounts. However, considering the length of time between the transactions occurring and Miss K raising a scam claim with Revolut, I think it's unlikely any funds would have remained in the beneficiary accounts to be recovered. So, I don't think Revolut could have done more to recover the funds.

My final decision

I do not uphold Miss K's complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 3 October 2024.

Rebecca Norris
Ombudsman