

The complaint

T, a limited company, complains that Revolut Ltd hasn't protected it from losing money it paid to one of Revolut's customers as a result of a scam.

Mrs P is the sole director of T and brings the complaint on its behalf.

What happened

On 9 May 2024, I issued my provisional decision on this complaint. I wanted to give both parties a chance to respond before I issued my final decision. That provisional decision forms part of this final decision and is copied below.

"The background to this complaint is well known to both parties, so I won't repeat everything here. In brief summary, T has explained that in June 2021 it made a payment of £2,500 from its third-party bank account to an account held with Revolut as a result of an investment scam. I understand £150 was received back from Revolut's customer in 2022 (although it's unclear to me whether it was T or Mrs P that received this). In any event, T complained to Revolut and they couldn't reach agreement about things, so T referred its complaint about Revolut to us. As our Investigator couldn't resolve the matter informally, the case has been passed to me for a decision.

What I've provisionally 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'm not minded to uphold this complaint. I'll explain why.

I'm sorry to hear about the scam T has described. I sympathise. Ultimately, however, this was caused by a fraudster. And I can only ask Revolut to compensate T if I'm satisfied both that (1) T has suffered a loss, and (2) Revolut's acts or omissions unfairly resulted in that loss.

Revolut has shared relevant information with this service in confidence to allow us to discharge our investigatory functions and has provided that which is necessary for the determination of this complaint. But I'm also limited to how much of this I can share for the same reasons as Revolut. But I'd like to assure T I've carefully reviewed everything before reaching my decision.

Has T suffered a loss?

From the information I've seen, I'm not persuaded T has suffered a loss. This is because it seems likely Mrs P made the £2,500 payment from T's account not for a business investment opportunity for T, but for a personal one. If Mrs P made the £2,500 payment for her own use (and it appears likely she did), this could be treated as a loan, such that T is owed the sum by Mrs P. Or else, if the payment was already due to Mrs P by way of dividends or otherwise, T's payment discharged an accrued debt or dividend due to Mrs P. Either way, with T being a separate legal entity to Mrs P, it wouldn't be T that has suffered the financial loss.

I can't ask Revolut to compensate T in circumstances where I'm not persuaded it has suffered a loss.

For the sake of completeness, however, I've nonetheless considered, if I thought T had suffered a loss, whether Revolut's acts or omissions unfairly resulted in that loss.

If T suffered a loss, did Revolut's acts or omissions unfairly cause it?

What I would have to decide is whether Revolut reasonably did enough to prevent, or respond to, the alleged authorised push payment (APP) fraud.

I appreciate T may think Revolut should pay it compensation as it allowed a fraudster to open and operate an account. But an account later found to have been utilised to misappropriate funds doesn't automatically entitle the payer to a refund, nor does it mean that the receiving payment service provider (here that means Revolut) unreasonably failed to prevent the loss. What I would need to consider is whether at the time of opening the account Revolut ought reasonably to have known that the account being opened would later be used fraudulently. And in the circumstances of this complaint, I'm satisfied that Revolut correctly followed its account opening procedures, carried out checks to verify the identity of the named account holder and did its due diligence when opening the recipient account. There wasn't anything at the time that I think reasonably could've alerted Revolut that the account it was opening would later be used to misappropriate funds. So, I'm satisfied it didn't miss an opportunity to prevent T's loss when opening the account.

I've also considered whether there was anything about the activity on the recipient account from the date it was opened until the date T's funds were spent that ought to have alerted Revolut to the possibility of fraud. However, I think that even if Revolut had taken action on the account before T's payment, it's likely this still wouldn't have prevented the loss of the payment from T. I say this because Revolut's customer had other active accounts with third-party banks. I can see that one of these in particular was active and used both before and after T's payment. It also seems to me that Revolut's customer had built some level of trust from Mrs P (at least at that stage). So I think, even if I accepted that Revolut ought to have taken action such that the account was either inhibited or closed already, it's most likely the fraudster would simply have asked Mrs P to make the payment into another of their accounts (not held with Revolut) that was still active. So, even if I thought Revolut ought to have done things differently, I don't think I could fairly say any acts or omissions on Revolut's part would be the material reason for T's loss.

I'm also satisfied T's funds were spent from the recipient account promptly in June 2021, a long time before Revolut was told anything about T having been scammed. So I don't think Revolut can be found at fault for there being no funds recoverable.

I understand T will be disappointed. But for the reasons I've explained, I'm not minded to uphold this complaint because (1) I'm not persuaded T has suffered a loss, and (2) even if I thought T had suffered a loss, I don't think Revolut's acts or omissions could fairly be said to be the material cause of that.

My provisional decision

For the reasons explained, I'm not minded to uphold this complaint."

Revolut didn't respond to my provisional decision. T continued to disagree – in summary, its representative said:

- It questions how Revolut could have been satisfied with the onboarding process, particularly given the absence of regulatory approval for the type of investment its customer purported to offer.
- The account activity was such that Revolut should have intervened. Had it done so, its customer wouldn't have been able to provide legitimate documentation justifying the substantial transfers.
- This scam impacted multiple victims, many of whom have cases under investigation at our service. It proposes that T's payment be reconsidered within the broader context of all the other transactions, and that there are serious issues with all the beneficiary banks.

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've considered T's representative's further submissions carefully but they don't persuade me to reach a different decision.

I explained in my provisional decision why I wasn't persuaded T has suffered a loss, and why this meant I couldn't uphold this complaint. Neither T nor its representative responded on the points around this, so I see no reason to depart from my provisional findings on this point. This would be sufficient for me not to uphold the complaint on this point alone.

But in the interests of completeness, as I explained in my provisional decision, I'd considered, *if* I thought T had suffered a loss (which I explained I didn't), whether Revolut's acts or omissions unfairly caused it. T's representative's response is in essence directed to the points I made around this.

In response to my provisional decision, T's representative has said this should be reconsidered within the broader context of the multiple victims and what it regards as serious issues with the beneficiary banks (not just Revolut). But I still think, for the reasons I've previously explained, that even if Revolut had taken action on the account before T's payment and that this had resulted in the account being blocked or closed, it's likely the fraudster would simply have persuaded T to make the payment into another of their accounts (not held with Revolut) that was still active. T isn't an eligible complainant about a potential beneficiary bank which it did not pay. But the other account I've referenced was active, so I'm satisfied this is what most likely would have happened.

So, for the reasons I've explained, I see no reason to depart from my provisional decision. I don't uphold this complaint because (1) I'm not persuaded T has suffered a loss, and (2) even if I thought T had suffered a loss, I don't think Revolut's acts or omissions could fairly be said to be the material cause of that.

My final decision

For the reasons explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 2 July 2024.

Neil Bridge
Ombudsman