

The complaint

Miss L has complained Revolut Ltd did nothing to intervene and stop a payment she made as the result of an impersonation scam.

What happened

Miss L opened a bank account with Revolut in August 2023. She also held accounts with other banks. Miss L was a student studying at university.

In early 2024 Miss L received a call from someone who implied they were calling from her university as a financial advisor. They were contacting her as she was a victim of ID theft and wanted to help her take steps to keep her money safe. Through an elongated period, Miss L made transfers from her other bank accounts to her account with Revolut. Then under control and advice from the scammer, she used her Revolut card to make a £5,000 payment to a cryptocurrency platform. During this period, Revolut identified this transaction as unusual and required further verification by Miss L. This included them questioning Miss L online whether she was acting under instruction.

After the transaction was successfully completed some hours later, Miss L asked Revolut to help her by reclaiming the money back. As this transaction had been properly authorised by Miss L, Revolut had no means to do so.

Miss L brought her complaint to the ombudsman service.

Our investigator reviewed the evidence. She also noted Miss L's medical diagnosis that meant she was vulnerable but that this had not been made clear to Revolut during the period she was trying to make the £5,000 payment.

Our investigator believed that Revolut had taken steps to intervene and question Miss L about what she was doing and why. They'd also asked Miss L whether she was acting under instruction, and this was denied, despite it being the truth.

Our investigator didn't think there was anything wrong further she could ask Revolut to do.

Miss L disagreed with this outcome. She's asked an ombudsman to consider this complaint.

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've reached the same outcome as our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

I don't dispute Miss L was scammed and has lost a considerable amount of money from her

different accounts and savings. She has my sympathy about what she has gone through.

There's no dispute that Miss L made and authorised the payment to a cryptocurrency account. Miss L believed she was acting under instruction by someone helping her to protect her finances whilst at the same time the action she was taking would alert Revolut to what was going on.

I'm satisfied the transaction was authorised under the Payment Services Regulations 2017

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) and the terms and conditions of the customer's account.

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 2024 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 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'm satisfied that Revolut ought to have recognised that the attempted card payment carried a heightened risk of financial harm from fraud because of the value of the transaction and the fact it didn't seem similar to Miss L's normal use of her Revolut account.

I think that a proportionate response to that risk would have been for Revolut to have intervened.

It is clear from the evidence submitted to our service by Revolut that they did intervene. It wasn't until about four hours after Miss L tried to make the first payment that she was permitted to do so. By that stage, Revolut had opened a live chat and had highlighted different scams to Miss L. Miss L continually denied being involved in anything like that. Her insistence that she was genuinely keen to invest in cryptocurrency would have seemed to Revolut to resemble that of a genuine customer.

Our investigator's view of 24 June 2024 described in detail some of those discussions between Miss L and Revolut. I have reviewed these in detail and don't think – other than stopping the payment altogether – that Revolut could have taken further action.

I appreciate Miss L has said things would have been different if she'd been able to talk directly to Revolut but this isn't part of the service they offer so I can't fault them for what they did here.

And in any case, I don't agree. I think there was plenty of opportunity for the scammer's spell to have been broken by what was going on. Miss L ignored the warnings Revolut presented to her – some of which would have sounded very similar to what was going on with her. She was also aware that Revolut blocked numerous attempts to make the transaction and I'd have expected her to wonder why they felt this was the correct action.

It's certainly true that scammers ensure individuals behave in a certain way to disguise what was going on. However, in this case I cannot see Miss L wavered or tried to convey any concerns – despite being alerted by the scammer to being a victim of ID theft – to Revolut.

I note that following Miss L knowing that she was a victim of a scam, she contacted Revolut immediately.

They were unable to do anything to stop the card transaction she'd made. This had all been effectively authorised by Miss L and the chargeback rules – run by the international card schemes and not Revolut – limit refunds in those cases.

Overall, I don't think it would be fair and reasonable to ask Revolut to refund Miss L.

I say this with a heavy heart as I appreciate the financial and emotional damage this scam must have caused Miss L.

My final decision

For the reasons given, my final decision is not to uphold Miss L's complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 12 September 2024.

Sandra Quinn
Ombudsman