

Complaint

Mrs M is unhappy that Revolut Ltd didn't refund her after she fell victim to a scam.

Background

In August 2023, Mrs M fell victim to a safe account scam. The situation began when she received a text message about a missing parcel delivery. Unsuspecting of any foul play, she clicked on the link provided in the message. Shortly after, she received a call from someone claiming to be from her bank, which I'll refer to as Bank S. The individual on the call informed her that clicking the link had compromised the security of her account and that her money was no longer safe.

She was also told loan applications had been made in her name. During the call, Mrs M mentioned that she also held an account with Revolut. The scammer took note of this and told her that someone from Revolut would soon be in touch. About 30 minutes later, Mrs M received a call from a person claiming to be a member of Revolut's fraud team. Trusting this individual, she verified the phone number calling her by searching for Revolut's official number online, which matched the incoming call. She didn't know that phone numbers can be spoofed, but this verification gave her false confidence in the legitimacy of the call.

The scammers escalated the situation by sending Mrs M a text message that appeared to be from Revolut, further warning her that her account had been compromised. She was told that, to safeguard her funds, Revolut would set up a new encrypted account under a false name. To add further reassurance, the scammers explained that Revolut's systems would generate random amounts for her to transfer, which they claimed would prevent the real fraudsters from tracking her actions. Mrs M proceeded to make the following payments from her Revolut account:

1	£10
2	£1,957
3	£15,000
4	£20,000
5	£17,800

According to Mrs M's representatives, the scammers told her that *"as her Revolut account has been compromised, the hacker may try to contact her via the in-app chat. The scammer told your customer that the hacker will try and prevent her from making these payments, however she must ensure that these payments leave her account."*

For the second payment, Revolut directed her to interact with one of its agents via the in-app chat function. The agent said:

"If you have been called by any bank claiming that your account is not safe and you need to move your money to another account, stop. They may claim that they have created a new 'safe' account for you to move your money into ... This is a lie and is a tactic which scammers are using to scare you. Be aware that they are able to make it

appear that they are calling you from a genuine bank phone number [...] Is this something similar to the reason of your transfer?"

Mrs M responded "No." She went on to confirm that she was making the transfer to purchase a caravan. The agent went on to give advice about how Mrs M should protect herself from scams when purchasing goods. Similar interventions by Revolut occurred on the subsequent payments and Mrs M responded in similar terms. The information she'd been told led her to distrust any further attempts to question her about the payments, reinforcing her belief that she should follow the scammers' instructions.

After realising she had been scammed, Mrs M approached Revolut to request a refund of the money she had lost. She argued that the payments she made were out of character and that Revolut should have recognized the risk and intervened to prevent her from transferring the funds. However, Revolut declined to offer a refund. Unsatisfied with this response, Mrs M referred her complaint to this service. The case was reviewed by an Investigator, who concluded that Revolut had done what was expected and was not responsible for Mrs M's financial losses. Mrs M, however, disagreed with the Investigator's decision. She said Revolut should have asked more probing questions when she said she was purchasing a caravan. She believed that more detailed questioning could have helped uncover the scam before it was too late.

Since Mrs M disagreed with the Investigator's opinion, the complaint has been passed to me to consider and come to a final decision.

Findings

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 a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the customer's account. However, that isn't the end of the story. Good industry practice required that Revolut be on the lookout for account activity or payments that were unusual or out of character to the extent that they might indicate a fraud risk. On spotting such a payment, I'd expect it to warn its customer about the risk of proceeding. The nature and extent of that warning should be proportionate to the risk presented by the payment.

Revolut did flag a potential fraud risk with the second payment of £1,957. Mrs M was asked to communicate with the Revolut team via its in-app chat service, where she was connected with a representative. The agent explained the key features of a 'safe account' scam and asked whether that was relevant to Mrs M's circumstances. She said it wasn't. When asked about the payment, she explained it was for purchasing a caravan. The agent then provided general advice on how to avoid scams when making purchases. Considering the information available at the time, I believe Revolut's response was proportionate to the risk.

For the subsequent payments, while Revolut could have asked more open-ended questions about the nature of the transactions, I'm not persuaded this would have prevented the payments from being made. Mrs M had been thoroughly coached by the scammers to stick to a cover story. Furthermore, the scammers had manipulated her into distrusting Revolut's fraud prevention systems by claiming the in-app chat could've been hacked. As a result, even if Revolut had asked more detailed questions, Mrs M was unlikely to disclose the true purpose of the payments. Its approach could have been more thorough but, in my view, that shortcoming did not cause Mrs M's losses.

For the sake of completeness, I also considered whether Revolut did everything it should've done in respect of recovering Mrs M's losses from the receiving bank – i.e., the firm that operate the accounts used to receive the fraudulent funds. I can see that it did send a message to the bank promptly. Unfortunately, its efforts to recover Mrs M's money weren't successful.

I don't say any of this to downplay or diminish the fact that Mrs M is the victim of a cruel and cynical scam. I have a great deal of sympathy for her and the situation she finds herself in. However, my role is to assess the actions and responsibilities of Revolut. After reviewing the facts, I am satisfied that Revolut was not the cause of her losses and so I can't uphold her complaint.

Final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 25 October 2024.

James Kimmitt
Ombudsman