

The complaint

Ms A complains Revolut Ltd didn't do enough to protect her when she fell victim to a safe-account scam.

What happened

Ms A received a call from a scammer impersonating her bank. She's explained they spoofed her bank's genuine number, so she followed their instructions. She understood payments were being attempted from her bank account and so her funds were no longer safe. The scammer guided Ms A to open a Revolut account and move funds from her bank account into this account.

Ms A was then advised she needed to approve payments out of this account as the funds needed to be moved somewhere else safe. She did this thinking she was taking the funds away from the scammer. Ms A was actually approving payments out of her account to genuine merchants.

Ms A reported the scam to Revolut and her bank, but neither upheld her complaints. Revolut said that Ms A had approved the payments in-app and it had blocked her card at one stage, but she's unblocked it. It didn't agree it had chargeback rights on the transactions, so it didn't attempt a claim. Ms A came to our service, but our investigator didn't uphold her complaints. She asked for an ombudsman to review her cases.

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) 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 December 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.

While I think Revolut ought to have recognised that Ms A was at heightened risk of financial harm from fraud when making these payments, I don't think any proportionate intervention by Revolut would have prevented Ms A's loss. I'll explain why.

Revolut did recognise a risk of financial harm and blocked Ms A's card part-way through this scam. It wanted to check it was her making these payments, seemingly due to the frequency. At this time it gave her the option to leave her card blocked if it wasn't her making these payments. Ms A saw this information, but unblocked her card.

I can also see the majority of the payments were approved by 3DS – an extra layer of security where the merchant's website directs the customer to complete another step to approve a payment. Ms A did this in-app and this approval clearly presented her with the merchant information and amount of the payment. So in this case it showed a payment going to a large grocery store, not an account in Ms A's name. Ms A 3DS approved payments to this merchant and then also 3DS approved four large payments to another merchant associated with take-away food. She understood the payments were going to another safe account, but despite this not being the information she was presented with, she approved each one.

Ms A's bank also displayed a warning to her which directly related to her situation when she set up the Revolut account as a new payee. But she's explained that the scammer advised her to ignore any warnings, so she didn't take note of this.

As our investigator concluded, it therefore doesn't seem that Revolut was in a position to prevent Ms A's losses here. Revolut blocked her card giving her time to consider the situation as she had to actively unblock it for the scam to continue. And in-app she was presented with information that enabled her to check where the payments were going and prevent further losses, but she acted under the scammer's instructions each time instead. And we know she did this same thing with her bank when it tried to warn her, so it seems she trusted the scammer above any information her bank or Revolut presented to her.

Our investigator did go on to explain their thoughts around Ms A's contributory negligence, but as I'm in agreement with their findings that Revolut couldn't have prevented this loss, I don't consider I do need to make a finding on this.

I have considered whether Revolut could've done more to recover Ms A's funds, but I don't consider it could have. The funds went to legitimate merchants who most likely would've provided the goods paid for, just not for the benefit of Ms A. So I don't consider Revolut was wrong not to pursue a chargeback claim in this case.

I recognise Ms A has been the victim of a cruel scam, but I don't consider Revolut could've prevented her losses in this case.

My final decision

For the reasons set out above, I don't uphold Ms A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 13 January 2025.

Amy Osborne
Ombudsman