

The complaint

Mrs W complains that Revolut Ltd ('Revolut') won't refund the money she lost when she fell victim to a scam.

What happened

Mrs W says that in her first week of a new job she received a request which she believed came from the director of the company to buy £200 gift cards. She paid for the first using her Revolut card and then made two cash withdrawals from her Revolut account of £200 and £100 (plus a fee of £2). The cash was then used to buy further gift cards. All the transactions were made on 15 September 2023.

Mrs W was asked to buy further gift cards and refused, saying she didn't have enough money. Her husband then received a call from the provider of a credit card Mrs W had also used and the scam was uncovered.

Revolut didn't agree to reimburse Mrs W. It said it had no chargeback dispute rights.

Mrs W was unhappy with Revolut's response and brought a complaint to this service. She said Revolut didn't do enough to recover her funds.

Our investigation so far

The investigator who considered this complaint didn't recommend that it be upheld. She said that the scam transactions weren't so unusual and out of character that Revolut ought reasonably to have intervened when they were made. The investigator also thought that Revolut had done what it could to recover Mrs W's funds and that the service it provided was reasonable.

Mrs W didn't agree with the investigator's findings and asked for a final decision, so her complaint has been passed to me.

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 deciding what's fair and reasonable, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

There is no dispute that Mrs W has been the victim of a cruel scam and I am deeply sorry for that. But it doesn't automatically follow that Revolut is liable for all or some of a loss, just because a customer has been the victim of a scam. When I consider cases like this – I am looking at whether the bank – who was not party to the scam itself – should have done more and whether it could have prevented the payments from being made.

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 September 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.

Having considered Mrs W's transaction history I agree with the investigator that there was nothing unusual about the card payment or cash withdrawals. Mrs W had made multiple similar value transactions in the 12 month period before the scam. In any event, while I recognise the loss has had an impact on Miss W, the value of the transactions was relatively low and not at a level where I'd expect Revolut to have concerns.

There's a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments. Whilst banks have obligations to act in their customers' best interests, they can't reasonably be involved in every transaction. To do so would involve significant disruption to legitimate payments.

I appreciate that Mrs W bought further gift cards and other banks have reimbursed her. It's possible that commercial decisions were made by other banks. But I can't ask Revolut to reimburse Mrs W on this basis.

So, whilst I'm sorry to hear about Mrs W's loss, I can't fairly hold Revolut responsible.

I've gone on to consider whether Revolut did enough to recover Mrs W's funds. There is no avenue to recover cash payments. Whilst the chargeback scheme covers payments made by card, Mrs W doesn't have a legitimate claim. This is because the supermarket Mrs W bought the gift card from provided the gift card.

Finally, I've considered the service Revolut provided to Mrs W. Revolut responded to Mrs W's claim promptly and provided the process to complain. I appreciate Mrs W was asked to repeat some information but don't consider compensation is appropriate in this case.

Overall, whilst I'm sorry to hear about this scam and the impact it has had, I can't fairly ask Revolut to reimburse Mrs W.

My final decision

For the reasons stated, I do not uphold this complaint.

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

Jay Hadfield
Ombudsman