

The complaint

X complains that Revolut Ltd hasn't protected him from losing money to a scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat everything here. In brief summary, X has explained that in September 2023 he made two payments from his Revolut account as a result of an impersonation scam. The two payments were made on the same day, with the first payment being for £1,998, and the second payment being instructed around half hour later for £1,649. These payments were made from X's Revolut account both to the same third-party recipient account.

X subsequently realised he'd been scammed and got in touch with Revolut. Ultimately, Revolut didn't reimburse X's lost funds, and X referred his 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 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 decided to not uphold X's complaint for materially the same reasons as our Investigator.

First, let me say, I'm sorry if X was scammed, but ultimately X has suffered his loss because of fraudsters, and this doesn't automatically entitle him to a refund from Revolut. It would only be fair for me to tell Revolut to reimburse X his loss (or part of it) if I thought Revolut reasonably ought to have prevented the payments (or one of them) in the first place, or Revolut unreasonably hindered recovery of the funds after the payments had been made; and if I was satisfied, overall, this was a fair and reasonable outcome.

Prevention

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.

In this case, however, I can see that Revolut did intervene before it followed X's instructions to make the payments. I'm satisfied from the information I've seen that in respect of the first payment that when X entered the intended beneficiary, Revolut showed X a screen, in-app, that told X that the name he entered in the beneficiary field was not the same as the recipient account holder. And X was shown the following in-app warning: *"Do you know and trust this payee? If you're unsure, don't pay them, as we may not be able to help you get your money back. Remember, fraudsters can impersonate others, and we will never ask you to make a payment"*. X needed to acknowledge the warning to proceed with the payment, but the payment was nonetheless then blocked (put into a pending state) by Revolut, and X was asked to state the purpose of the payment, to which he selected the option *"Pay a family member or friend"*. I understand from what Revolut has shown us that X would have had the option to say the purpose of the payment was *"Pay taxes or law enforcement fines"*, which would better match the real reason, but he didn't select this.

Instead X nevertheless chose to proceed with the payments despite Revolut's actions. And I don't think I can say Revolut's interventions were inappropriate or that I could fairly say they reasonably ought to have gone further than this. Given the amount the payments were for and their pattern and amount, I think the level of intervention was reasonable. There are many payments made by customers each day, and there's a balance to be struck between appropriately intervening in payments before following the customer's instructions to make them, and minimising disruption to legitimate payments (allowing customers ready access to their funds). So I'm not persuaded Revolut unreasonably failed to prevent X from making the payments.

Recovery

I've considered whether Revolut unreasonably hindered recovery of the funds after the payments had been made. But I'm not persuaded it did. From the information I've seen, I'm satisfied the funds were spent so quickly from the recipient account that even though X was quite quick, after he'd made the payments, to report to Revolut that he'd been scammed, I can't see Revolut unreasonably missed an opportunity to recover the funds.

I'm sorry X was scammed and lost this money. However, I can't fairly tell Revolut to reimburse him in circumstances where I'm not persuaded it reasonably ought to have prevented the payments or to have recovered them.

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 X to accept or reject my decision before 19 December 2024.

Neil Bridge
Ombudsman