

The complaint

Miss N complains that Revolut Ltd won't refund the money she lost when she fell victim to a scam.

What happened

In March 2020 Miss N fell victim to a scam.

Based on the submissions of both parties, I understand the fraud occurred as follows.

On 6 March 2020 Miss N saw a bag for sale on a social media platform. Miss N made a bank transfer on the same day for £200, to purchase the bag, and was told by the seller the item would be shipped straight away and she'd receive it the following day. Unknown to her at the time Miss N had sent money to a fraudster – she became suspicious when she didn't hear from the seller and was unable to get in contact with them.

Miss N contacted the bank she'd sent the money to and was told it would investigate the transaction once Revolut had got in contact with it. From what I've seen Miss N reported the scam to Revolut on 8 March 2020, via an online chat. Revolut told Miss N it couldn't recall the transfer and that she should report the matter to the police. The police report was submitted to Revolut and following this it contacted the receiving bank. On 16 April 2020 Revolut told Miss N it had heard back from the receiving bank and there were no funds available for recovery.

Miss N complained to Revolut and it issued its final response on 20 April 2020. It said the payment was authorised and that it tried to reach out as soon as possible to the receiving bank, but the receiving bank confirmed the funds had already been withdrawn. Because of this it didn't uphold Miss N's complaint.

Miss N then brought her complaint to our service – she said she wouldn't have expected Revolut to know the transaction was fraudulent, but she thought it should have done more to try and recover the funds, and had it acted sooner than it did in contacting the receiving bank there may have been a chance of retrieving the money.

One of our investigators looked into things and didn't think Revolut could have done anything to prevent the scam – he didn't consider the payment Miss N made was particularly out of the ordinary, or so unusual that it should have raised Revolut's suspicions. And, while he thought Revolut could have been more helpful when Miss N first contacted it, he'd seen that even if it had acted sooner it wouldn't have made any difference – as the funds had been moved from the receiving bank account so quickly.

Miss N didn't accept our investigators' view, as she thought Revolut had handled things poorly. Because Miss N didn't agree with our investigators' view, the complaint 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.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

I'm sorry to hear of what's happened to Miss N, and I can understand entirely why she feels so strongly that this money should be returned to her. But having thought very carefully about Revolut's actions, I think it did act fairly and reasonably in allowing the transfers to leave Miss N's account. I also don't think it could have recovered the money from the receiving bank, even if it had acted quicker than it did.

So having considered everything, I'm not going to uphold Miss N's complaint. I do appreciate how disappointing this will be for her, but I don't think I can fairly say Revolut should reimburse her the £200 she has unfortunately lost to the fraudsters. I'll explain why.

In broad terms, the starting position in law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the customer's account. And I have taken that into account when deciding what is fair and reasonable in this case.

But that is not the end of the story:

- the law recognises that a bank may be liable to its customer if it makes a payment in circumstances where it has reasonable grounds (although not necessarily proof) for believing that the payment instruction was an attempt to misappropriate the funds of its customer (known as 'the Quincecare duty'); and
- regulated firms like Revolut are also required to conduct their '*business with due skill, care and diligence*' (FCA Principle for Businesses 2) and to '*pay due regard to the interests of its customers*' (Principle 6); and

And as a matter of good industry practice at the time, I consider firms should also have taken proactive steps to:

- identify and assist vulnerable consumers and consumers in vulnerable circumstances, including those at risk of financial exploitation (something recognised by the FCA in recent years and by the British Bankers Association's February 2016 report '*improving outcomes for customers in vulnerable circumstances*'); and
- look to identify and help prevent transactions - particularly unusual or out of character transactions – that could involve fraud or be the result of a scam (something also recognised by the British Standards Institute's October 2017 '*Protecting Customers from Financial harm as a result of fraud or financial abuse – Code of Practice*', which a number of banks and trade associations were involved in the development of); and
- in relation to branch transactions – follow the Banking Protocol when available.

This means that, particularly with the increase of sophisticated fraud and scams in recent

years, there are circumstances where a bank should fairly and reasonably take additional steps, or make additional checks, before processing a payment, or in some cases decline to make a payment altogether, to help protect customers from the possibility of financial harm.

In this case, I need to decide whether Revolut acted fairly and reasonably in its dealings with Miss N, when Miss N made the transfer to a fraudster and when she reported the fraud, or whether it should have done more than it did.

Miss N has accepted that she authorised the transfer for £200. Because of this, Revolut had an obligation to follow her instruction. But there are some situations in which it should reasonably have had a closer look at the circumstances surrounding the transfer - as I've explained, I consider that as a matter of good practice Revolut should've been on the lookout for unusual and out of character transactions. Miss N has said she wouldn't have expected Revolut to know the transaction was fraudulent – but I have gone on to consider whether I think it ought to have done.

Having reviewed Miss N's account activity for the six-month period leading up to the scam, I don't think the payment Miss N made to fraudster was particularly unusual or out of character in comparison to the normal account activity. Miss N had made several other payments/transactions for over £100. So I don't think the payment for £200 was particularly out of character or unusual and I'm not persuaded Revolut acted unreasonably in not making enquiries about the payment before processing it.

I've gone on to think about whether Revolut did what it should've done once Miss N reported to it, that she'd been the victim of a scam. I've looked into the attempts Revolut made to recover the money, once Miss N reported the scam. In order for me to be able to fairly ask Revolut to refund the money to Miss N, I need to be satisfied that Revolut should have acted sooner in trying to recover the money. And if I don't think it acted soon enough, I need to decide whether it made any difference.

In this case I think Revolut could have acted sooner – I don't consider that it needed to have waited for Miss N to provide evidence she'd reported the matter to the police, before it contacted the receiving bank. Because of this, I've gone on to consider whether it made any difference. Here I've seen from the receiving bank that the £200 Miss N transferred, was removed from the receiving account within twenty minutes of the payment being made. So even if Revolut had contacted the receiving bank as soon as Miss N had told it about the scam, it wouldn't have made any difference and it wouldn't have been able to recover the money Miss N had paid the fraudster.

It's very unfortunate Miss N has lost this money to what is a cruel and sophisticated scam, and I understand the whole experience will have been frustrating and upsetting for her. But I must consider the main perpetrator is the fraudster and, in the circumstances, I don't think I can fairly say Revolut should have done more to prevent her losing this money. So I don't think it would be fair for me to ask Revolut to refund the loss.

My final decision

For the reasons above, my final decision is that I don't uphold Miss N's complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 26 October 2020.

Stephen Wise

Ombudsman