

## **The complaint**

Mr E complains that Revolut Ltd won't refund the money he lost when he fell victim to a scam.

## **What happened**

In August 2019 Mr E fell victim to a scam.

The background to this case is known to both parties, so I won't repeat it here. But in summary, in August 2019, Mr E made four payments, totalling 2,720.00 euros from his Revolut account, to two different people, for what he thought at the time was a property rental. The accounts Mr E made the payments to were also held with Revolut. Mr E made the following payments;

22/8/2019	960 euros
24/8/2019	960 euros
25/8/2019	500 euros
27/8/2019	300 euros

But unknown to Mr E at the time, the payments he made were to fraudsters. On realising this Mr E reported the matter to the police and he contacted Revolut in September 2019 to let it know what had happened. Revolut looked into the accounts that had received the money and was able to recover a combined total of 49.79 euros from the two beneficiary accounts, which it returned to Mr E.

Mr E complained to Revolut and it issued its final response on 6 December 2019. It said that since the moment Mr E had reported the matter to it, it took the appropriate measures. It confirmed that it had been able to recover 49.79 euros. Revolut has also said it doesn't consider it is responsible for simply following the instruction of a customer.

Mr E then brought his complaint to our service, he said he thinks banks have a responsibility to protect people from this type of activity. One of our investigators looked into things and didn't think Revolut could have done anything to prevent the scam. In summary, he didn't consider the payments were particularly unusual or suspicious in their appearance and so thought it reasonable that Revolut didn't identify that Mr E may potentially be the victim of a scam. Our investigator also thought Revolut did what it could to try and recover the money for Mr E, once it knew he had been the victim of a scam.

Mr E didn't accept our investigators view and so 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 understand that Mr E has also raised some points about Revolut in its capacity as the receiving bank. But I should point out that my decision here solely focuses on the complaint about Revolut in its capacity as the bank from which the funds were sent.

I'm sorry to hear of what's happened to Mr E, and I can understand entirely why he feels so strongly that this money should be returned to him. But having thought very carefully about Revolut's actions, I think it did act fairly and reasonably in allowing the transfers to leave Mr E's account. I also don't think it could have done any more to try and recover the money Mr E sadly lost.

So having considered everything, I'm not going to uphold Mr E's complaint. I do appreciate how disappointing this will be for him, but I don't think I can fairly say Revolut should reimburse him the money he has 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 and taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Resolut should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and 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 banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

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 Mr E, when Mr E made transfers to a fraudster and when he reported the fraud, or whether it should have done more than it did.

Mr E has accepted that he authorised the transfers. Because of this, Revolut had an obligation to follow his instruction. But I don't agree that Revolut is right when it says it is not responsible for simply following the instructions of a customer. This is because, as I have said, there are some situations in which it should reasonably have had a closer look at the circumstances surrounding the transfers - 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.

Having reviewed Mr E's account activity, I can see the account hadn't been opened for very long, at the time the payments to the fraudsters were made. But I have seen that, in the weeks leading up to the scam, there was a pattern starting to emerge of large transactions in and out of the account and there had already been a number of transactions, for substantially higher amounts than the payments Mr E made to the fraudsters.

Revolut has a difficult balance to strike in how it configures its systems to detect unusual activity or activity that might otherwise indicate a higher than usual risk of fraud. But on balance, I can't fairly say the transactions were so unusual or suspicious that they ought to have alerted Revolut that Mr E was at risk of financial harm and I'm not persuaded Revolut acted unreasonably in not making enquiries about the payments before processing them.

I've gone on to think about whether Revolut did what it should've done once Mr E reported to it, that he'd been the victim of a scam. In order for me to be able to fairly ask Revolut to refund the money to Mr E, 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 can see that at the point Mr E raised the scam, only a small amount of money remained, because it had already been removed from the recipient accounts. So I don't think there was an opportunity for Revolut to recover any more money than it did.

It's very unfortunate Mr E has lost this money to what is a cruel scam, and I understand the whole experience will have been frustrating and upsetting for him. But I don't think I can fairly say Revolut should have done more to prevent him 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 Mr E's complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 20 April 2021.

Stephen Wise  
**Ombudsman**