

The complaint

Miss S complains that Revolut Ltd didn't do enough to help her when she fell victim to a scam. She's also unhappy that it allowed a scammer to open and operate an account.

Miss S is represented in this complaint by her father, Mr S. But for ease of reading, I'll mostly refer to relevant acts and comments as being Miss S'.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

In May 2020, Miss S found an advert on social media for a room to rent. The advert had been posted by the current tenant, who was looking for someone to share the apartment with. After expressing interest, Miss S was provided with contact details for the landlord. After an exchange of messages Miss S decided to take the room. And upon receipt of a copy of the landlord's passport and a contract Miss S transferred a deposit payment of €1,400 (two month's advance rent) to the account details provided to her.

The following day Miss S was contacted by the existing tenant who had concerns that the landlord may have also agreed to rent the room to other people. Miss S contacted the landlord who provided assurances, but Miss S remained suspicious. She contacted her bank to report the matter as potential fraud and to see if it was possible to stop or reverse the payment she had made. Her bank advised they couldn't stop the payment. Ultimately, it sent notification of fraud to Revolut. At the same time Miss S and her father contacted Revolut to recall the money.

In June 2020 Revolut returned the recovered funds, that being €181.52 to Miss S. It explained it couldn't return the full amount as the rest of her money had been utilised by the account holder shortly after the funds credited the account. Revolut apologised for the prior communication in which it misled Miss S into believing she would receive all her funds.

Miss S remained unhappy with Revolut's actions and asked our service to consider her complaint. One of our investigator's looked into the complaint and didn't uphold it. To summarise, she didn't think Revolut had acted unfairly. Based on the evidence she thought Revolut had opened the beneficiary account correctly, and she didn't think it had missed an opportunity to identify or act on unusual activity on the account. And she was satisfied the correct amount had been returned to Miss S.

Miss S didn't agree with the investigator's findings. She maintained Revolut couldn't have carried out appropriate checks when the account was opened and believes the sum that has been returned by Revolut to another victim ought to have been returned to her. She asked for an ombudsman to review her complaint.

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 not to uphold the complaint, for broadly the same reasons as the investigator.

I would like to start by explaining that this service cannot investigate criminal matters. The police are the right authority to investigate the actions of the scammer. All I can consider is whether Revolut acted fairly and reasonably in all the circumstances. And it would only be fair for me to direct Revolut to reimburse Miss S her loss if I think it is responsible for acts or omissions which caused it. I'm afraid an account later found to have been utilised to misappropriate funds doesn't automatically entitle the payer (victim) to a refund nor does it mean that the recipient bank reasonably failed to prevent the loss.

With that being said, amongst my considerations are:

- whether the beneficiary account was correctly opened;
- whether at the time Revolut ought reasonably to have known that the account being opened would later be used fraudulently;
- whether Revolut could and should have intervened in the context of suspiciously unusual or uncharacteristic activity and if so, would any intervention have made a difference, preventing some or all of Miss S' losses; and
- did Revolut respond appropriately upon notification of fraud.

Revolut has shared the relevant information with our service to allow us to investigate this complaint. I'm limited as to how much information I can share with Miss S because it relates to a third-party account. But I'd like to assure her that I've carefully reviewed everything before reaching my decision.

I note Miss S has made detailed submissions about why she thinks Revolut must've failed in its due diligence at account opening. I understand a lot of this is based on the information provided by the scammer and other third-parties. However, having considered everything, I'm satisfied Revolut didn't miss an opportunity to prevent Miss S' loss when opening the account. From the information Revolut has provided I don't think that there was anything at the time that reasonably could've alerted it that the account it was opening would later be used to misappropriate funds.

I've carefully considered whether the activity on the account prior to Miss S' payment into it and the spending of the money ought to have given Revolut concerns to the possibility of misappropriation of funds or fraud. And from everything I've seen, I'm satisfied there wasn't anything that I'd reasonably have expected Revolut to have identified, that warranted an intervention before notification of fraud. I can also confirm that prior to Mr S and Miss S contacting Revolut about the beneficiary account being in receipt of money which had been fraudulently obtained, there had been no other notifications of fraud received in relation to the recipient account. So, I don't think Revolut missed an opportunity to prevent Miss S' loss in this way.

I appreciate Miss S' frustration, but it's unclear why when Mr S (on behalf of Miss S) contacted Revolut to report the fraud it couldn't locate the beneficiary account, despite him providing an IBAN number. But I'm satisfied this hasn't made a difference in the sum recovered. Firstly, a receiving bank would not deduct funds from their customer's account upon request from an unknown third party, even if they claim to be a victim. Generally, they would ask for an official request from the sending bank. I don't consider this to be unreasonable. But even in the event that Revolut had located the account and taken action it wouldn't have made a difference to the sum recovered. I say this because I've seen the beneficiary account holder's bank statement, which shows the exact time and dates the funds arrived and were paid away. I can see Miss S' payment credited the account on 26 May 2020 at 8.49am and all but the sum returned was paid away the same day – even before Miss S herself became aware she'd fallen victim to a scam.

I'm satisfied Revolut acted promptly and responded appropriately when it received notification of fraud. Unfortunately, however, by the time Revolut had been told that the beneficiary account had received a payment as a result of a scam, Miss S' funds had already left the account. So I don't think there were any failings here that prevented Miss S recovering her money.

I realise Miss S doesn't accept the correct amount has been returned to her as she has been told by another victim that Revolut has given them a full refund. I understand why she feels this way, but I can't comment on the reasons for why Revolut have refunded or returned sums to other victims. My consideration here is limited to deciding whether Revolut has returned the correct amount to Miss S and I'm satisfied it did as most of Miss S' funds were spent soon after they were received.

I'm satisfied that when Revolut received notification from Miss S' bank, it responded appropriately within a reasonable time to inform them some funds remained, and these will be returned to Miss S once they'd completed their investigation. I can see the investigations concluded in June 2020. The partial funds which remained were returned to Miss S; and so, I can't fairly say Revolut's actions were unreasonable or that they failed to respond appropriately to notification of fraud.

I do sympathise with the situation Miss S found herself in and I know this isn't the answer she was hoping for. I fully appreciate she thought she was making a payment for genuine purposes and acted in good faith. I acknowledge the efforts she and her father have made to try and recover the money. But I'm satisfied Revolut hasn't missed an opportunity to prevent Miss S' loss, and the amount returned was what remained of her funds once Revolut had been notified of the fraud. Ultimately Miss S has suffered a financial loss as a result of the scammer's actions and it wouldn't be fair or reasonable to ask Revolut to compensate Miss S for losses that were the result of a third party's actions – not Revolut's.

My final decision

For the reasons set out above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 18 January 2022.

Sonal Matharu
Ombudsman