

## **The complaint**

Mr Y is unhappy that Revolut Ltd hasn't refunded him the money he lost to a scam, where he sent in total £1,800 to fraudsters.

## **What happened**

Mr Y received a call from an individual purporting to be from his internet provider. He was told his internet had been hacked and that it either needed to be secured or it would be disconnected. Mr Y has explained he agreed to the fix for this and says he was asked about his devices. He was told there had been an attempt to hack his online banking also.

Mr Y was told to download two applications to his mobile device by the individual which he did. One of these being the Revolut app. Under the instructions of the fraudsters Mr Y created a Revolut account. Mr Y then proceeded to move money from his bank account with another bank to his Revolut account. He then transferred the money from his Revolut account to the fraudsters – to the details he'd been provided with. On 20 March 2021 Mr Y made two transfers - a payment of £1,500, followed by another for £300.

Mr Y has told us he moved the money from each of the accounts under the instructions of the fraudsters – who were able to see what he was doing. Mr Y became aware he'd been the victim of a scam when the fraudsters asked about his wife's devices.

Mr Y contacted Revolut the same day. From the communications Mr Y asked Revolut to close the account and provide a refund. It was reported that Mr Y had been the victim of a scam on 23 March 2021. At this point, Revolut raised a scam claim and contacted the beneficiary bank on 24 March 2021 to see if any funds could be recovered. It received a response to say no funds remained.

Revolut said it wouldn't refund the scam payments as Mr Y had authorised them. It said the payments looked legitimate and that by the time Mr Y had contacted it, the payments had already been submitted.

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 Y 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 Y, once it knew he had been the victim of a scam.

Mr Y didn't accept our investigators view and so the complaint has been passed to me for a decision.

For completeness, this decision solely focuses on the actions of Revolut.

## **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 Mr Y, 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 Y's account. And, on balance, 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 Mr Y'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 £1,800 he 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 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 Revolut 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 made 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 Y, when Mr Y made the transfers to the fraudsters and when he reported the fraud, or whether it should have done more than it did.

Mr Y accepts he authorised the transfers, albeit under the instructions of the fraudsters. Because of this, Revolut had an obligation to follow his 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.

In this particular case, our investigator recognised Mr Y had opened the Revolut account for the purpose of making the transfers in question – and so it was a new account. Because of this, there was no previous activity on the account.

Having thought carefully about the transfers Mr Y made, I don't think the activity appeared particularly suspicious that they ought to have stood out enough for Revolut to have been concerned that Mr Y might have been at risk of financial harm from fraud. I also don't find the amount of the transfers to be particularly unusual or suspicious in appearance that Revolut ought to have stopped them for further investigation before allowing them to be processed. I have to keep in mind that customers opening accounts like this, will often do so for a particular purpose and so, it doesn't seem unusual that a couple of transactions would follow soon after the account was opened.

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 transfers in this particular case were so unusual or suspicious that it ought to have alerted Revolut that Mr Y was at risk of financial harm.

I've gone on to think about whether Revolut did what it should've done once Mr Y reported to it, that he'd been the victim of a scam. I've looked into the attempts Revolut made to recover the money, once Mr Y reported the scam. In order for me to be able to fairly ask Revolut to refund the money to Mr Y, 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.

Our investigator noted there appeared to be some confusion when Mr Y first asked for a refund, but said he was satisfied Revolut did what it could to recover Mr Y's funds once it was aware of the scam – which he thought was from 23 March 2021 when it came to light he didn't know the beneficiary. At this time, no funds remained in the beneficiary's account.

When considering the contact between Mr Y and Revolut on 20 March 2021, even if I consider that contact with the beneficiary bank could have been made sooner than it was, I'm satisfied this wouldn't have made a difference here. This is because, from the information provided I can see the money was very quickly moved on by the fraudsters and before Mr Y contacted Revolut on 20 March 2021. So I don't think there was anything more Revolut could have done to recover the money Mr Y lost as a result of the scam.

I have considerable sympathy for what Mr Y has been through. There is no doubt that he has been the victim of a cruel scam. But I am only able to consider whether Revolut can fairly be held liable for his loss. After carefully considering everything, I'm unable to fairly say Revolut should reimburse the money Mr Y has lost.

## **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 8 April 2022.

Staci Rowland  
**Ombudsman**