

The complaint

Mrs A complains that Revolut Ltd ('Revolut') have not refunded her in full after she fell victim to a scam.

What happened

The background to this complaint is well known to both parties, so I will not repeat it in detail here. But in summary and based on the submissions of both parties, I understand it to be as follows. On 4 June 2021 Mrs A received a call from someone saying that they were from HMRC and that she owed them unpaid taxes. The caller told Mrs A that the outstanding tax had to be paid immediately or she would be prosecuted and could lose her home, her car, her possessions, and may even be imprisoned.

The caller knew her name but didn't take her through any further security checks to verify her identity – or theirs. Mrs A was employed, and her employers paid her taxes. But she explained she was not thinking straight due to recent bereavement, so she believed what she was told by the caller. She felt impelled to resolve things by doing what she was being told to do by who she thought was HMRC – sending the unpaid taxes. But unbeknownst to Mrs A at the time, she was speaking with a fraudster.

Believing the call to be genuine, Mrs A went ahead and followed the fraudsters instructions to set up an account with Revolut and make payments. She made some payments directly from her normal bank account, but was told to set up and make her payments through a Revolut account as it would be quicker. Mrs A then sent two payments from her Revolut account under the fraudster's instructions, for £1,998 and £1,002.

It was only when her normal bank blocked a further payment attempt to the fraudster and contacted her that she realised she had fallen victim to a scam. Mrs A said she reported the scam to Revolut through their online chat function. There were no agents available to speak to at first, but she was contacted by agents of Revolut over the following two days. But Revolut said when she first contacted them to report the scam on 5 June 2021, she didn't provide enough details for them to act further on her behalf, so the investigation didn't start until they'd received further contact and information from Mrs A on 13 June 2021. By this point the transfer was already sent, but they did contact the beneficiary bank. Unfortunately, on 8 July the beneficiary bank confirmed that the beneficiary account had been emptied so there were no remaining funds available to return to Mrs A. So, Revolut informed Mrs A that she wouldn't be receiving a refund.

Revolut explained that they had acted correctly in Mrs A's case – they had quickly acted on the information she had provided them and followed all the correct processes. They said the payments had been authorised by Mrs A, and that they provided numerous warnings throughout the payment process.

But Mrs A remained unhappy – she felt that Revolut could have acted faster and this could have meant some of her funds were recovered. So she brought her complaint to our service. In the time between Mrs A bringing the complaint to our service and one of our investigators offering their opinion on her complaint, Revolut offered to refund £1,800 including 8% simple interest of Mrs A's losses as a gesture of good will – with no admission of fault on their part. Our investigator looked at what happened, and thought this was a fair offer in the

circumstances of the complaint. They thought that there was nothing to suggest that Revolut should be required to provide her with a full refund because:

- There was nothing sufficiently unusual or out of character about the transactions that Revolut ought to have been on notice that there was a risk fraud might be taking place, such that they may have performed some kind of intervention – particularly as this was a new account;
- Revolut had done what was required of them to try and recover Mrs A's funds once they became aware of the scam but the money had already been removed from the receiving account.

Mrs A remained dissatisfied. Our investigator explained that whilst separate transactions had been refunded in full by her normal bank, Revolut are not bound by the same rules as they are a different type of business – an e-money provider. And they confirmed they felt the offer was fair – and in fact more than we would likely recommend Revolut pay. They explained that they had contacted the beneficiary bank who confirmed that the funds were removed from the account very quickly on 4 June – so even if Revolut had contacted them sooner, the outcome would remain the same as no funds remained by the time Mrs A first contacted Revolut. She still didn't agree with our investigator's opinion – so the case was passed to me to decide.

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 have reached the same conclusion as our investigator and for broadly the same reasons. I'll explain why.

It is common ground that the transactions were authorised payments, even though Mrs A was the victim of a sophisticated scam. She used the Revolut banking application and her security information to make the payments. So, although she didn't intend the money to go to the fraudsters, under the relevant regulations and the terms and conditions of her account, Mrs A is presumed liable for the loss in the first instance.

However, 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. As such I think 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 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.

Mrs A opened her Revolut account in order to make the payments to the fraudster. This means there was no previous account history to assess against to determine what 'normal' spending looked like on Mrs A's account. And I have not seen anything to suggest Revolut should have been alerted to the fact Mrs A was at risk of fraud or financial harm. The payments weren't unusually or suspiciously large. Further, it is not unusual for customers to use services such as those provided by Revolut to send payments in this way. Both the

account opening and the payments were completed online, with no contact with Revolut – so the payment process didn't include any discussion about the purpose of the payment. When considering all of this, I don't think that Revolut should have reasonably had any concerns about these payments, such that they may have intervened or done more here. Banks are expected to carry out the payment instructions they receive from their customers – and I don't think these payments ought to fall under any exceptions to this rule.

I've also considered Revolut's attempts to recover the funds Mrs A lost to the scammer. I have seen evidence that shows that Revolut contacted the beneficiary bank shortly after they were notified of the details of the scam on 13 June. Mrs A did contact them on 5 June regarding the two payments she had made from her account, asking if they could be refunded – according to the electronic records this was shortly after 11.00pm. But Revolut said they did not have the relevant details to start their investigation at this stage. I can see that she only received messages from an automated chat function on this date, and didn't receive any response from an agent until the 6 and 7 June. But, even if they had spoken to Mrs A on the day she first contacted them, and had then contacted the beneficiary bank, I am satisfied that they would have had no more success in recalling the funds. I say this because I have seen evidence that the fraudster, or someone acting on their behalf, moved the money from the beneficiary account shortly after it was received – between 1.30pm and 1.50pm - before the first contact was made by Mrs A to Revolut. So, whilst an earlier response from Revolut to Mrs A would have been preferable, I am confident it would have made no difference in Revolut's success in recovering the funds.

So, in considering all of the circumstances of the case I don't find that Revolut did anything wrong here – I don't think that Mrs A's loss was caused by any specific failing on behalf of Revolut and so I cannot fairly ask them to refund her. And by extension I cannot find that any award should be made in recognition of the distress and inconvenience suffered by Mrs A. The fault, and loss, here lies with the fraudsters themselves. So I think that Revolut have acted fairly in offering Mrs A £1,800 as a gesture of good will, with no admission of fault on their part.

My final decision

The offer made by Revolut of £1,800 is fair and reasonable in the circumstances of the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 26 April 2022.

Katherine Jones
Ombudsman