

The complaint

Mr W complains that Revolut Ltd won't refund the money he lost when he was the victim of a scam.

What happened

Mr W received a call from someone claiming to be from Revolut's fraud department. They told him his account had been compromised and so he needed to transfer his money to a new account they would set up for him. The caller was calling from a number very similar to the one for Revolut's customer services department, and sent Mr W authentication codes on the same thread he'd received genuine codes from Revolut in the past – so he was convinced they were genuine and made a payment of £3,553.44 to the account details he was given. Unfortunately we now know the caller was a scammer.

Revolut investigated but said it had sufficient protections in place and provided adequate warnings before Mr W authorised the payment. So it didn't agree to refund the money he'd lost. Revolut did try to recover the money from the account it was sent to, and the third-party bank it was subsequently moved on to, but was unable to. Mr W wasn't satisfied with Revolut's response, so referred his complaint to our service.

One of our investigators looked at Mr W's complaint. They didn't think the payment was particularly unusual in comparison to other payments Mr W had made out of his account, and so they didn't think Revolut needed to have asked any further questions before allowing the payment to go through. They also thought Revolut had done all it could to try to recover the money. So they didn't think Revolut should have to refund the money Mr W lost. Mr W disagreed with our investigator, so the complaint has been passed to me.

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 don't think Revolut need to refund the money Mr W lost. I'll explain why below.

Mr W accepts he made the payment himself. So while I recognise he didn't intend for the money to go to scammers, he did authorise this payment. And so, under the Payment Service Regulations, the starting position is that he is liable for the payment and Revolut doesn't have to refund it.

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, 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 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.

So I've also considered whether Revolut should have identified that Mr W was potentially at risk of fraud as a result of the payment, or otherwise done more to protect him.

I don't think this payment was for a particularly large amount. And, from looking at statements for Mr W's account, there were a number of payments for what I'd consider to be similarly large amounts out of the account over the previous twelve months. It also wasn't unusual for the balance of Mr W's account to be reduced to at or near zero, so this payment didn't leave the balance of the account at an unusual level. So I don't think the payment will have looked particularly out of character or unusual, based on Mr W's previous account history.

Revolut says it initially stopped the payment and showed Mr W a warning saying it thought it was suspicious, but Mr W says the payment wasn't stopped and he wasn't shown this warning. In any event, as I don't think the payment will have looked unusual, I think it's reasonable that Revolut didn't ask Mr W any further questions or carry out any further checks on the payment. And I think Revolut acted reasonably in ultimately allowing the payment to go through and I don't think anything it should reasonably have been expected to do would have prevented Mr W losing his money.

Mr W has mentioned the Contingent Reimbursement Model (the CRM code) and case studies from our service's website. But Revolut is not a signatory to the CRM code, so it wouldn't be fair for me to apply the standards it sets out to this case. And the case studies he's mentioned involve different circumstances and considerations to this case. He's also said he doesn't feel he was negligent and, to be clear, neither I nor the investigator have suggested he was negligent or ought to have identified the scam before he did. But I also don't think anything Revolut should reasonably have been expected to do would have prevented the scam either.

I've also considered whether Revolut could have done more to try to recover the money once it had been told of the scam. We'd expect a business to take reasonable steps to try to recover the money from the bank it was sent to. But Revolut's records show the money was removed from the account it was sent to almost immediately, and so before Revolut could reasonably have been expected to block the account. And Revolut contacted the third-party bank the money was subsequently moved on to, but was told the money had been moved on again and so couldn't be returned. So I don't think Revolut could reasonably have done more to try to recover the money.

I sympathise with the position Mr W has found himself in. I appreciate how he feels about this case and that my decision will come as a disappointment to him. But, for the reasons set out above, I think Revolut has acted reasonably and I don't think it needs to refund the money he lost.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 23 June 2022.

Alan Millward

Ombudsman