

The complaint

Mr A complains that Revolut Ltd (Revolut) didn't do enough to protect him when he fell victim to a scam and hasn't refunded the money he lost.

What happened

What Mr A says

Mr A says he received a call from someone who said he was from Mr A's bank. He was asked if he recognised a payment and, as he didn't, told his account had been compromised and he needed to move his money to a safe account. The caller wasn't from Mr A's bank though – he was a scammer. The scammer persuaded Mr A he needed to create a new account with Revolut. Mr A was also asked to download an app that allowed the scammer to see his screen. Once the Revolut account was set up Mr A was asked to top up the account and then make two payments to a named individual as a test. He was told the payments would later be reversed.

In May 2021 Mr A made the two payments from his Revolut account of £1,900 and £1,290 to the scammer. That evening he realised he was the victim of a scam and contacted Revolut through its in-app chat. He's unhappy with Revolut's decision not to provide a refund and has referred to the financial difficulties he is experiencing following the scam.

What Revolut say

Revolut say it had adequate security protection in place and that when Mr A made the first payment, he received a notification that said,

"Our system have Identified your transaction as highly suspicious. We declined It to protect you. If you decided to make the payment again anyway, you can, and we won't decline it. As we have warned you this transaction is highly suspicious and to not make the payment, if the person you pay turns out to be a fraudster you may lose all your money and never get it back. You can learn more about how to assess this payment and protect yourself here."

Revolut also tried to recover Mr A's funds but only £11.67 remained which Revolut say it credited to Mr A's account.

Our investigation so far

The investigator who considered Mr A's complaint didn't recommend that it be upheld. In summary, she said that there was nothing to indicate a fraud risk to Revolut. The payment requests Mr A made wouldn't have been unusual or suspicious, particularly given they were made from a newly set up account that is often used in this way and Mr A had no interaction with Revolut.

As Mr A didn't agree with the investigator's opinion, his complaint has been passed to me to review.

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.

I'm sorry to hear Mr A was the victim of a scam and of the impact the scam has had on Mr A. I can understand why he wants to do all he can to recover the money he lost. But I can only direct Revolut to refund Mr A's losses if it can fairly and reasonably be held responsible for them.

It is accepted that Mr A authorised the scam payments totalling £3,190 from his newly opened Revolut account. So, although he didn't intend the money to go to the scammer, Mr A is presumed to be liable for his loss in the first instance. And under the terms and conditions of the account Mr A held with Revolut, where a valid payment instruction has been received Revolut's obligation is to follow the instructions that Mr A provides.

But, taking into account the law, regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Revolut, as an electronic money institute ('EMI'), to take additional steps or make additional checks before processing a payment in order to help protect its customer from the possibility of financial harm from fraud. For example, if a customer made a payment request for an amount that was out of character given the normal use of an account, I'd expect Revolut to intervene and ask questions about the intended transaction before processing it and provide a suitable warning.

In this case, I don't consider Revolut acted unfairly or unreasonably in allowing the payments to be made. I'm mindful Mr A didn't have an existing relationship with Revolut and that the payments were sent on the day the account was opened. This means that Revolut didn't have an understanding of Mr A's normal spending patterns.

I also don't think the payments were large enough to have caused Revolut any concern. Whilst I understand the amount Mr A sent through Revolut was a lot to him, I don't consider the two payments to be significant enough that Revolut should have had concerns that Mr A may be the victim of fraud. In the circumstances, I consider that Revolut did enough in providing a warning to Mr A when he made the first payment. I appreciate Mr A says he doesn't remember the warning and in any event was guided through the process by the scammer, but I'm not persuaded Revolut needed to do anything more.

I'm satisfied Revolut acted reasonably in attempting to recover Mr A's funds but that it was only able to recover a small amount.

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 A to accept or reject my decision before 18 August 2022.

Jay Hadfield
Ombudsman