

The complaint

Mrs P has complained Revolut Ltd didn't do enough to protect her when she fell victim to a romance scam.

What happened

Mrs P fell victim to a cruel scam, in which she was tricked into sending money to an individual she believed she was in a relationship with, on the understanding it would later be repaid to her.

In January 2020 Mrs P made a connection on an online dating app with a person I'll refer to as A. Mrs P explained that over the coming months, they developed what she believed to be a close relationship. They communicated daily by telephone, video message and other means. Mrs P says they had started planning a future together.

Mrs P explained that A first asked her for money in February 2020, as he'd exhausted his funds while away on business. She initially transferred him approximately £1,400. Mrs P explained she transferred him various amounts from other bank accounts over the following months and that A had always promised to pay her back.

In June 2020 Mrs P opened an account with Revolut. Between July 2020 and April 2021, on A's instruction, Mrs P made 18 bank transfers totalling £95,060 to four payees. Mrs P explained that she understood the money was supporting A in various business deals and to cover additional expenses that had been incurred because of the global pandemic.

On 13 December 2021 Mrs P contacted Revolut and told it she'd been the victim of a romance scam. She explained she'd realised she'd been scammed following intervention from her family. She'd told them that A had continued to ask her for more money and had started enquiring about the value of her home and pensions. She asked for Revolut's help to recover the funds she'd lost.

Revolut investigated the matter. It issued final responses in January and February 2022, concluding it had no obligation to reimburse Mrs P for her loss. It said it had given Mrs P standard fraud and scam warnings when she set up new payees. It had asked her to confirm she trusted the new beneficiaries and informed her she could potentially be a victim of fraud. It said it had also declined the last transaction Mrs P had tried to make on 29 April 2021, a transfer of £10,500 to a new payee. But having been warned it could be a scam, Mrs P reinstructed the transfer. Revolut confirmed it wouldn't refund the money Mrs P lost as she'd authorised the transactions and it had processed them correctly.

Mrs P complained to the Financial Ombudsman Service as she thought she'd been treated unfairly. She noted that other banks had refunded her for other transactions she'd made from other accounts. She said Revolut should have intervened and stopped her from making large regular transactions that she could not sustain on her income.

Our Investigator didn't uphold Mrs P's complaint. She explained that while she thought Revolut should have contacted Mrs P before following her payment instructions – as it had

identified at least one transaction as unusual or suspicious – she didn't think this would ultimately have made a difference. She noted A had built Mrs P's trust over a number of months and Mrs P didn't believe she was being scammed. Our Investigator also noted that when Revolut later asked Mrs P about the nature of the transactions she wasn't honest about their purpose, saying the transfers were for family. Our Investigator concluded that no intervention from Revolut could have stopped the scam from taking place, so Revolut was not ultimately responsible for Mrs P's loss.

Mrs P disagreed and asked for her case to be considered by an Ombudsman for a final decision. She said had Revolut intervened she would not have continued with the transactions and would not have suffered the loss she has.

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 reached the same conclusion as our Investigator and for largely the same reasons. I know this will be upsetting news for Mrs P.

I'm extremely sorry to learn about what happened to Mrs P. It's clear she has been the innocent victim of a cruel and calculated scam that caused her to lose a very large sum of money. In the circumstances, I can appreciate why she would want to do all she can to recover the money she lost. But I need to decide whether Revolut can fairly and reasonably be held responsible for Mrs P's loss. For the reasons I'll go on to explain, I don't think it can and overall, I can't say Mrs P has been treated unfairly.

I understand that Mrs P has received refunds from other banks she holds accounts with, in relation to this scam. But I should explain that banks and electronic money institutes (EMIs), such as Revolut, are bound by different rules and codes of practice. So, while Mrs P may have been reimbursed by one bank, it doesn't necessarily follow that Revolut should do the same.

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.

It's accepted that Mrs P authorised each of the transactions, that together totalled £95,060, from her Revolut account. While it's turned out these transactions were part of a scam, under the Payment Services Regulations and the terms and conditions of her account, she's presumed liable for the loss in the first instance.

But there are circumstances where it might be appropriate for Revolut to take additional steps or make additional checks before processing a payment in order to help protect its customers from the possibility of financial harm from fraud.

An example of this would be payment instructions which are sufficiently unusual, suspicious, or uncharacteristic for the usual use of the account. In such circumstances I'd expect Revolut to intervene and ask more questions about the intended transaction before processing it. I'd also expect it to provide suitable warnings about common scams to help its customers make an informed decision about whether they want to continue with the payment. There might also be cases where it would be appropriate for Revolut to refuse to follow a valid payment instruction if there are good grounds to believe it is being made because of a fraud or scam.

Did Revolut do enough to identify the risk of financial harm from fraud?

Revolut has explained that the first 17 transactions didn't flag on its system as unusual, suspicious, or uncharacteristic, such that it needed to intervene beyond providing very generic scam advice when Mrs P set up new payees. I'm inclined to agree.

At the time Mrs P instructed the first transfer on 10 July 2020, the account had been open for less than 30 days. So, Revolut had very limited historical account activity to say this transaction was particularly unusual or uncharacteristic. While the transaction was relatively large, £4,300, I wouldn't consider this alone would make the transaction appear particularly suspicious. Similarly, while setting up a new payee might in some circumstances be an indicator of increased risk associated with a payment, this wouldn't have been unexpected with a new account as there will be no existing payees already linked to the account.

Once the initial transfer had been completed, the later transactions appeared to be in keeping with the usual account usage. While there were a series of transactions, these were over a nine month period, and so I don't think Revolut should reasonably have spotted a pattern of unusual behaviour - unlike if multiple payments had been made in a single day or much shorter space of time. So, I can't reasonably conclude Revolut should have intervened in the first 17 transactions.

Revolut has demonstrated that it did intervene in the last transfer Mrs P instructed on 29 April 2021. It presented her with a generic warning through her banking app that the transaction had been identified as highly suspicious. It advised her not to make the transaction again, but that if she did, she may lose her money and never get it back.

I agree with our Investigator that Revolut's intervention here wasn't sufficient. It should have asked Mrs P about her intended transaction and given her tailored scam warnings. So, I've gone on to consider whether an appropriate intervention by Revolut would have made a difference or prevented Mrs P's loss.

Would appropriate intervention have prevented Mrs P's loss?

Mrs P says that if Revolut had challenged her about the payments and made her aware of the risks it would have uncovered what was happening and prevented her loss. But I'm not persuaded that appropriate intervention from Revolut would necessarily have uncovered the scam.

From time to time banks and EMIs may contact their customers about transactions. Revolut did contact Mrs P about her transactions in June and December 2021, but not due to concerns that she might be at risk of financial harm from fraud. She advised it that the payments were for "*family purposes*"; "*loaned for extended family purposes use*" and "*loan to family/friends due to pandemic*". I have no reason to think Mrs P would have given different answers had Revolut asked her about the transactions when she first made the payment instructions. As Mrs P advised Revolut she was paying friends and family I don't think it would necessarily have identified a potential scam risk. But even if it had, I don't think it's likely it would have persuaded Mrs P to have done anything differently.

Mrs P has explained that she had been in contact with A since January 2020, six months before she instructed the first transfer with Revolut. She's explained she spoke to him daily and he took an active interest in her life, health, and family. He also shared photos of him and his family. It's evident this was a very calculated and convincing scam and Mrs P clearly trusted A implicitly. Even when she was complaining to Revolut Mrs P revealed that she still

held out hope that she would get her money back from A, suggesting that she still had some faith in what he'd told her.

In these circumstances I think it's highly unlikely, even if presented with clear and tailored scam warnings, Mrs P would have recognised she was being scammed.

I think it's also significant that by the time Mrs P started using her Revolut account, she'd already been using other bank accounts to transfer money to A. So, the first transfer she made through her Revolut account did not represent the start of the scam. While it may be easier to 'break the spell' of this type of a scam soon after its inception, I think this would have become increasingly less likely as Mrs P became more invested, romantically and financially, in the relationship.

Did Revolut do enough to attempt to recover the lost funds?

Revolut has said that once notified of the fraud it contacted the beneficiary banks to see if any funds remained in the scammer's account that could be returned to Mrs P.

Unfortunately, no funds remained by the time the scam was notified. I don't find this surprising, as the transactions had taken place at least six months before the scam was notified and in most cases, money is moved on from the receiving accounts soon after the funds are received.

Revolut is only required to attempt recovery on a best endeavours basis. As such, I'm satisfied it did all it was required to do, and I can't ask it to do anything further in respect of the lost funds.

Having considered everything, I don't think Revolut treated Mrs P unfairly when it refused to reimburse her for her losses. While I naturally sympathise with Mrs P in all that's happened, I must recognise that the principal cause of her loss was A, the scammer who deceived her. While I realise that the scam has had a devastating impact on Mrs P, I cannot see any basis on which I can fairly instruct Revolut to bear the responsibility for the loss.

I am very sorry to have to deliver this news to Mrs P. I know this isn't the answer she is hoping for. I can't even begin to imagine how upsetting the last few years have been for her. It is clear that she has been through so much and to reach this point has been a difficult struggle.

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 Mrs P to accept or reject my decision before 13 October 2022.

Lisa De Noronha
Ombudsman