

The complaint

Mr E is unhappy that Revolut Ltd won't refund money he says was lost as the result of a scam.

What happened

The background of this complaint is well known to both parties, so I won't go into detail. In summary, Mr E was contacted by someone who claimed to work for HMRC, who told Mr E that he hadn't paid enough tax and had an outstanding bill. They told Mr E that unless he made payment straight away, he would be arrested. As a result, Mr E made the following payments. He made the payments to two separate individuals who I've referred to as R and L.

Date	Time	Payment details	Amount
2.6.2021	15:39	Payment to R	£ 999
2.6.2021	15:50	Payment to R	£ 999
2.6.2021	16:03	Payment to R	£ 999
2.6.2021	16:12	Payment to R	£ 200
2.6.2021	16:39	Payment to L	£ 500
2.6.2021	16:49	Payment to L	£ 500
		Total loss	£4,197

Within an hour of making the last payment Mr E became aware he'd been the victim of a scam and reported it to Revolut.

Revolut investigated Mr E's fraud claim but declined to refund him. Revolut say by the time Mr E contacted them, it was too late for them to stop the payments. Also, that Mr E was shown warnings when he was setting up the new payees, which he'd ignored. They told Mr E they'd tried to recover his funds but had been unsuccessful.

Mr E wasn't happy with Revolut's response, so he brought a complaint to our service.

An investigator looked into Mr E's complaint and recommended that it be upheld. She felt that by the third payment a pattern had emerged which should've concerned Revolut and resulted in them blocking the payment and contacting Mr E. As a result of that contact, the investigator thought it was most likely that the scam would've been uncovered. Therefore, the investigator recommended that Revolut refund Mr E from the third payment onwards and pay interest on the refund.

Revolut let us know they agreed with the investigator's opinion, however, Mr E didn't agree. He says the first payment was unusual and feels that Revolut should've blocked that payment, therefore he wants a refund of all the payments he made.

As Mr E disagreed with the investigator's opinion, the case was 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 realise that Mr E is going to be disappointed, but I agree with the recommendation made by the investigator that Revolut should refund Mr E for the payments he made starting with the third payment of £999. I'll explain why.

It's not disputed that Mr E made and authorised these payments, although I accept that this was as the result of a scam. And, in broad terms, the starting position in law is that Revolut is expected to process payments and withdrawals that a customer authorises it to make. Which I have taken that into account when looking into what is fair and reasonable in this case.

But Revolut also has to be on the lookout for, and help to prevent, payments that could involve fraud or be the result of a scam. Although, there has to be a balance struck between Revolut identifying payments that may indicate a customer is potentially at risk of financial harm and then responding appropriately to any concerns – and ensuring minimal disruption to legitimate payments.

In this case, I'm not satisfied that Revolut should've been concerned prior to the third payment Mr E made. I say this because:

- The first two payments weren't significantly higher than previous payments Mr E had made on his account. He had made payments up to £500 previously.
- There isn't enough about these first two payments, either individually or in combination, that makes them sufficiently out of character or unusual whereby I would expect Revolut to have identified a potential risk of fraud.
- It wasn't until the third payment was made, that I think a clear pattern had formed that should've caused Revolut concern. Based on the number of payments made in a short period of time and their total value.

I appreciate that Mr E would like all of his money refunded, but I'm not satisfied that I can fairly ask Revolut to do that.

I'm satisfied that it wasn't until the third payment that I would've expected Revolut to have become concerned and contacted Mr E. And I agree with the investigator that contact with Mr E would've uncovered the scam. He wasn't given a cover story, so I think it's most likely that he would've answered any questions asked by Revolut about the payments honestly. Therefore, I think Revolut could've prevented Mr E's losses from the third payment onwards and should refund him those payments. Revolut should pay interest on those payments at the account interest rate applicable to the accounts Mr E took the funds from in order to make these payments.

Putting things right

To put things right Revolut Ltd should:

- Refund Mr E all of the payments made from the third payment onwards.
- Pay interest on those payments at the account interest rate applicable to the account he took the money from to fund the payments. That interest calculation should be made from the date each payment was made until the date of settlement.

My final decision

My final decision is that I uphold this complaint against Revolut Ltd and require Revolut to compensate Mr E as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 4 October 2022.

Lisa Lowe
Ombudsman