

## **The complaint**

Miss L is unhappy that Revolut Ltd won't refund her payments she made as a result of a fraud.

## **What happened**

Miss L was looking to rent accommodation. After posting her requirements via a social media platform, she was contacted by a person claiming to be an agent who put her in contact with a suitable landlord. Unbeknown to Miss L at the time, she was in fact dealing with a fraudster.

Once Miss L was happy with the property, she agreed to pay the deposit and advance on rent requested. Miss L was instructed to make three payments of £600, which she carried out using her Revolut account over the course of three days.

After Miss L had made the payments, she attended the property where she uncovered it wasn't for rent and that she'd been defrauded.

Miss L complained to Revolut about transactions. Revolut looked into Miss L's complaint but didn't uphold it. It pointed out that Miss L had authorised the payments and it executed them in line with her instructions. It further pointed out that Miss L was provided visual warnings prior to processing the payments and that it'd contacted the beneficiary bank to ask for the payments to be returned. It therefore felt that no error had been made.

Miss L was unhappy with Revolut's response, so she brought her complaint to our service to look into again. An Investigator considered the evidence provided by both parties but didn't think Revolut had made an error in its actions. In summary, they felt that the payments weren't of sufficient value to warrant concern from Revolut or cause it to intervene in them. They also found that even had Revolut informed the beneficiary bank sooner regarding the fraudulent payments, they were debited from the accounts prior to Revolut being put on notice about the fraud.

Miss L disagreed with the Investigator's assessment and asked that the matter be referred to an Ombudsman. She pointed out that the transactions were unusual for her account as she'd never made similar payments before.

As Miss L disagreed with the Investigator's assessment, the matter has been passed to me to make a final decision.

## **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.

It's accepted by both parties in this case that Miss L authorised the transactions in dispute. And in broad terms, the starting position in law is that a firm is expected to process payments that a customer authorises it to make, in accordance with the Payment Services

Regulations 2017 and the terms and conditions of the customer's account.

However, firms are also expected to be on the lookout for unusual or out of character payments on a customer's account that could indicate they're at risk of financial harm. This can be a difficult balance to strike when weighing this against the firm's obligation to follow the instruction of its customer and not unnecessarily obstruct payments that are intended for legitimate purposes.

Taking these points into account, I must first consider if Revolut should have done more to identify these payments as a potential risk and therefore have done more to prevent Miss L falling victim to a fraud. Having done so, I'm not persuaded it should have.

While I have no doubt that the combined value of this fraud is significant to Miss L, the £600 payments made weren't significant enough for the bank to have reasonably intervened in them. Banks process a large number of transactions every day. And it's also reasonable to assume that a customer may occasionally make higher value payments on their account for items or services, such as a rental deposit. Stopping all payments of these values where no other risk factors are identified would significantly impact the operation of a firm and likely cause unnecessary delay in large numbers of its customer's legitimate payments.

I've also looked at Miss L's account history and am not persuaded that the payments did present any other significant risk factors that may have alerted the bank to a concern. Miss L had made prior payment of similar values, and the payments made to the fraudster didn't clear the balance of her account. They were also made to a UK based account and to the same beneficiary.

Considering these factors, I'm not persuaded that Revolut should have identified these payments as a concern. And it would therefore be unreasonable to expect it to reimburse the funds Miss L lost.

I've also considered it Revolut's actions, after being put on notice that Miss L had been defrauded, contributed to her loss.

Firms are expected to take reasonable steps to recover funds it has been informed have been sent as a result of fraud. Revolut did contact the beneficiary bank in this complaint – albeit five days after Miss L reported the scam. However, having contacted the beneficiary bank, our service has established that the funds that were paid into the account were withdrawn prior to Miss L putting Revolut on notice regarding her circumstances. Therefore, even had Revolut contacted the beneficiary bank sooner, it would have had no material impact on her loss as the funds were no longer in the account to recover.

While I realise this may come as a disappointment to Miss L, and I empathise with the loss she has suffered, I don't find that Revolut has made an error in the circumstances of this complaint.

### **My final decision**

For the reasons I've given above, I don't uphold this complaint.

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

Stephen Westlake  
**Ombudsman**