

The complaint

Mr G is unhappy that Revolut Ltd won't refund money that he lost as a result of a scam.

What happened

Mr G wished to purchase an item on the marketplace of a popular social media platform. Believing that he would be protected under Section 75 of the Consumer Credit Act 1974 ("Section 75"), Mr G opened an account with Revolut and made the purchase using his new account. He sent £350 by bank transfer.

Unfortunately for Mr G, when he wasn't provided with a tracking number and the recipient claimed not to have received his payment, he began to suspect he'd been the victim of a scam. He contacted Revolut but was frustrated with its response – particularly his inability to speak to a single person, the fact he had to complain through a third party and the fact he couldn't get an answer about whether his transaction was eligible for a refund.

When Revolut did respond to his complaint, it said that it had warned him about making the payment and even declined his first attempt to make it, but he had proceeded regardless – so it couldn't be held responsible. It said that it had tried to recover his funds but had been unsuccessful.

Mr G referred the complaint to our service, but one of our investigators didn't uphold it. They were of the view that the actions Revolut took were fair considering the risk presented by the payment. The investigator explained that Mr G hadn't paid using a credit card (which might mean the payment was covered under Section 75) and they were otherwise satisfied with the service that Revolut had provided.

Mr G disagreed. He said that he hadn't complained about Revolut's fraud prevention systems but rather its failure to abide by its terms and conditions and the mis-selling of their product. He said that he thought he may have applied for an upgraded account and believed that Revolut would protect him from fraud. He also questioned whether Revolut had acted as quickly as claimed in trying to recover his funds.

As no agreement could be reached, the case was passed to me for 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.

Mr G has specifically said that he hasn't complained about Revolut's failure to intervene before the transaction left his account. I therefore don't intend to comment on this in any detail, other than to say that as he made the transaction himself, the starting point in law is that he is liable for it and that given the size of the payment and Mr G's non-existent account history, I don't think Revolut acted unfairly by ultimately letting the payment proceed without further intervention.

I can see that Mr G opened his Revolut account just before he made this purchase. This does suggest to me that he did so in the belief that his payment would be protected or, at least, paying with Revolut would be preferable in some way.

I can also see that Revolut does offer several different policies: 'Purchase Protection' (an insurance covering the loss or theft of an item purchased through Revolut), 'Refund Protection' (allowing users to return goods they've received within 90 days) and 'Buyer Protection' (for payments made to certain merchants which allow 'Pay with Revolut' as a payment option) but none of these policies seem to cover private sales and none are applicable to Mr G's circumstances (with several only being available with certain upgraded account types).

I can appreciate why Mr G might have seen some of the above and drawn the conclusion that he would be protected should he make a purchase in the way he did, but this isn't enough for me to say Revolut misled him. I'd need to see from Mr G something specific that suggests or, is at least ambiguous about, this type of payment being covered and, having reviewed those terms myself, I don't think there is any such term. I also note that Mr G doesn't appear to mention any protection other than Section 75 until several weeks after the scam took place, so it's not clear that he did see any of the above policies until after the event.

But, even if Mr G did see some or all of the above policies advertised before making the payment, I have to conclude that he simply assumed that the circumstances of his payment would be covered.

As mentioned, Mr G seemed to be most adamant that his payment should be covered under Section 75. Mr G doesn't seem to have a good understanding of how he made this payment. It was a bank transfer from one account to another. It was not a card payment and certainly not a credit card payment, that might enjoy the protection of Section 75. Given that Mr G topped up the account before making the payment, I think he reasonably ought to have understood that he wasn't paying using a credit facility. And, when making the payment, I understand Mr G would have needed to put in the sort code and account number of the recipient, not provide a long card number, expiry date and security code. So, it's not clear how Revolut misled him about this either.

Overall, Mr G hasn't satisfied me that his account was mis-sold or that Revolut mis-led him about his transaction being protected.

I would, however, expect Revolut to make reasonable efforts to try and recover Mr G's funds. I can't see that it did this when he first reported the matter on the morning of 29 November 2021. In fact, it didn't do this until 16 December 2021. While Revolut argue that Mr G wasn't actually reporting a scam on 29 November 2021, I think he provided enough information for it to be concerned and ask further questions. But, in any case, I can see that all of Mr G's money was removed from the account which received it within minutes of the payment being made on 28 November 2021. So, even if Revolut had acted more quickly, it still wouldn't have been able to recover Mr G's money.

Finally I've considered the service provided to Mr G. I can see why he was frustrated. Mr G wanted to know whether he'd be refunded and whether Section 75 applied to his transaction. As I've explained, it didn't apply, but nobody at Revolut seems to have been able to tell him this or explain why. He also seems to have spoken to multiple different people. I think it would have been relatively straightforward to explain why Section 75 wasn't applicable. That said, I don't think this would have deterred Mr G from complaining nor would he have found it to be a satisfactory answer as he holds the view that he was led to believe such protection applied. I can also see that Revolut did inform Mr G how he could complain and I'm afraid

that I generally can't instruct Revolut to accept complaints in a particular way. So, while I think Revolut's service could have been better, I don't make any award of compensation.

I'm sorry that Mr G has lost money as a result of a scam, but I don't think Revolut has acted unfairly by declining to provide a refund to him.

My final decision

For the reasons I've explained, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 30 December 2022.

Rich Drury
Ombudsman