

The complaint

Miss M is unhappy Revolut Ltd (“Revolut”) won’t reimburse her the money she lost when she fell victim to a scam.

What happened

The details of this case have been clearly set out by our investigator. As such, the facts are well-known to both parties, so I don’t need to repeat them at length here.

In summary, Miss M holds an account with Revolut. Miss M wanted to purchase a ticket for a flight abroad to see family and after looking online contacted a company that she thought was a legitimate travel company.

Unfortunately the company Miss M had contacted were impersonating a genuine travel company. So Miss M was in fact communicating with fraudsters.

On 8 January 2022, Miss M paid £99 as a deposit for the flight through a card payment. And then on 10 January 2022 she paid the remaining balance of £322.69 for the flight through an international bank transfer.

Ultimately Miss M never received any tickets and realised she had fallen victim to a scam.

Miss M contacted Revolut to report what had happened and too see if she could get the amounts back.

Revolut considered that Miss M had authorised the card transaction of £99 so considered Miss M was liable for the amount. It tried to raise a ‘chargeback’ but ultimately, the merchant (where the funds were paid to) was a money transfer provider – and the chargeback was unsuccessful as the merchant had carried out the service required of it.

Revolut also logged a ‘scam’ case for the international payment Miss M had made. Revolut reached out to the beneficiary bank (the bank where the funds were sent to) to see if it could recover all or any of the funds for Miss M. This was unsuccessful with the beneficiary bank confirming that no funds remained.

Revolut also considered it wasn’t responsible for the loss as it had carried out Miss M’s instructions to make the payment and it had provided her with adequate warnings before she authorised the payment. So it considered that it had tried to prevent the fraud and also tried to recover the funds once notified.

Unhappy with Revolut’s response, Miss M referred the matter to our service.

Our investigator didn't recommend the complaint be upheld. They considered Revolut had acted fairly in trying to raise a chargeback with the card payment Miss M had made which was unsuccessful. And with the international payment Miss M made they didn't think Revolut ought to have done more to identify the payment as potentially fraudulent in the circumstances. So they didn't think Revolut ought to have had a cause for concern that Miss M was at risk of financial harm or was falling victim to a scam to an extent where it should have questioned Miss M about the payment.

They also considered Revolut had acted in a timely manner when it was notified of the fraud but unfortunately no funds remained that could be recovered.

Miss M has asked for the matter to be referred to an ombudsman, so it's been passed to me to decide.

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'm not upholding Miss M's complaint. I'll explain why.

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 have been good industry practice at the time.

In broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the customer's account. This is set out within the 'Payment Service Regulations 2017' ("PSRs") and these are the relevant regulations in place here.

Miss M authorised both the card payment and international transfer. This means that under the PSR's Miss M is responsible for them. That remains the case even though Miss M was the unfortunate victim of a scam and was tricked into making the payments.

There are times when I might expect a bank to question a transaction or payment, even though it may have been properly authorised. Broadly speaking, firms like Revolut have certain obligations to protect customers from fraud.

I've thought about this carefully. From what I've seen, there isn't anything unusual or remarkable about the credit card payment or international transfer or the amounts that ought to have alerted Revolut to the possibility Miss M was being scammed. Banks and payment service providers process a high volume of transfers and transactions each day. And a bank / payment service provider has to strike a balance as to when it should possibly intervene on a payment against not holding up or delaying its customer's requests.

I don't think there were grounds for Revolut to be suspicious Miss M may be a victim of fraud when she made the payments. All things considered, I think the fact that Revolut didn't flag the payments as suspicious was fair and reasonable in the circumstances. And I don't think it missed an opportunity to prevent the loss Miss M incurred.

I have also looked to see whether Revolut acted appropriately once the scam was reported and whether it acted promptly in relation to the international transfer to see if any of the funds could be recovered.

I can see that Revolut tried to raise a chargeback for the card payment which was unsuccessful (as the merchant successfully defended the chargeback as it had ultimately carried out its services – given it was a money transfer provider).

And with regards to the international payment, Revolut contacted the international receiving bank but unfortunately received confirmation that no funds remained that could be recovered.

I'm sorry to hear of what's happened to Miss M and I can understand why she wanted to do all that she can to try and recover the money she's lost. She sent her money in good faith believing she was purchasing a flight ticket to see her family. But overall, while I appreciate Miss M's been the unfortunate victim of a scam, I think Revolut's decision not to refund her in this instance was fair and reasonable in the circumstances.

I say this because I'm satisfied that Revolut followed Miss M's instructions to make the payments and I haven't seen any reason why it shouldn't have done this. And unfortunately, the chargeback for the card payment was unsuccessful and no funds remained from the international payment Miss M made, meaning Revolut were unable to recover any funds or do anything to help Miss M further.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 24 November 2022.

Matthew Horner
Ombudsman