

The complaint

Mr K complains that Revolut Ltd ('Revolut') didn't do enough to protect him when he fell victim to a scam and hasn't refunded the money he lost.

What happened

On 14 March 2022 Mr K contacted Revolut through its chat function. He said his account had been hacked. Mr K went on to explain that he had received a call from someone pretending to be his bank who told him his account had been compromised, so he needed to transfer funds. He was asked if he had another account and said he had one with Revolut. To protect his funds Mr K says he was asked to transfer funds to an account at Revolut in his name but with a new account number. Sadly, this was a scam and Mr K has lost his money. He would like Revolut to refund £2,830.

Revolut say that Mr K transferred funds from an external bank account into his own account with Revolut. From there, Mr K transferred funds to a third-party account, also at Revolut. When Mr K made the first transfer from his Revolut account he was provided with a scam warning but chose to proceed with the payment. Revolut has confirmed that it contacted the bank that eventually received Mr K's funds but was unable to recover anything.

As Mr K was unhappy with Revolut's response he brought a complaint to this service.

Our investigation so far

The investigator who considered Mr K's complaint didn't recommend that it be upheld. In summary, she said that there was nothing to indicate a fraud risk to Revolut so Revolut couldn't reasonably have prevented Mr K's loss. And, Revolut had done what it could to recover Mr K's funds.

Mr K didn't agree with the investigator's findings. He said:

- The amounts he transferred weren't small or in line with his previous account history (and so Revolut should have done more to protect him).
- He moved funds from his bank account to what he thought was an account in his name at Revolut, but this wasn't the case. So Revolut should have provided him with a warning that the name on the account didn't match.

The complaint has been passed to me to consider.

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'm sorry to hear Mr K was the victim of a cruel scam and of the impact the scam has had on him. I can understand why he wants to do all he can to recover the money he lost. But I can only direct Revolut to refund Mr K's losses if it can fairly and reasonably be held responsible for them.

The evidence I have seen shows that Mr K transferred funds from his account with a different bank to his own Revolut account and from that account to a third-party account. I'm

satisfied Mr K authorised the scam payments from his existing Revolut account. Although he didn't intend the money to go to the scammer, under the Payment Services Regulations and the terms and conditions of his account, Mr K is presumed to be liable for his loss in the first instance. And under the terms and conditions of the account Mr K held with Revolut, where a valid payment instruction has been received, Revolut's obligation is to follow the instructions that Mr K provides.

But, taking into account the law, regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Revolut as an electronic money institute ('EMI') to take additional steps or make additional checks before processing a payment in order to help protect its customer from the possibility of financial harm from fraud. For example, if a customer made a payment request for an amount that was out of character given the normal use of an account, I'd expect Revolut to intervene and ask questions about the intended transaction before processing it and provide a suitable warning.

In this case, I don't consider Revolut acted unfairly or unreasonably in allowing the payments to be made. Whilst I understand the overall amount Mr K sent through Revolut was a lot to him, I don't consider the four payments of £900, £850, £800 and £280 were significant enough that Revolut should have had concerns that Mr K may be the victim of fraud. There's a balance to be struck; banks and EMIs (like Revolut) have obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't be involved in every transaction as this would cause unnecessary disruption to legitimate payments.

The evidence Revolut has provided shows that Mr K was provided with a warning which showed that the name entered when funds were transferred from Mr K's Revolut account wasn't the same as the name on the account he was paying. Mr K was then presented with another screen that asked whether he knew and trusted the payee and was advised not to pay if he was unsure as it might not be possible to get his money back. I'm persuaded Revolut did enough in providing these warnings.

I'm also satisfied that Revolut has done what it could to recover the funds Mr K lost.

Overall, whilst I'm very sorry to hear of Mr K's loss, I can't reasonably hold Revolut responsible.

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 Mr K to accept or reject my decision before 6 February 2023.

Jay Hadfield
Ombudsman