

The complaint

Mr C is unhappy that Revolut Ltd has refused to refund the money he lost after falling victim to a scam.

What happened

The circumstances that led to this complaint are well known to both parties, so I won't repeat them in detail here. But, in summary:

- In March 2022, Mr C received a call from someone who said they worked for his bank but who, ultimately, turned out to be a scammer. The scammer persuaded Mr C that his account was under attack and he needed to move his money to a safe place. They coached Mr C through the process to open a new account with Revolut, pay money into this account and then move it out to another account. Mr C lost £815 through his Revolut account to this scam, but his total losses exceeded £3,000.
- Revolut had concerns about the initial transfer out that Mr C attempted so blocked the payment and contacted him via its chat facility. But, after he assured it that he wanted to make the payment, Revolut permitted him to do so. Revolut said it had given Mr C sufficient warnings that he might be falling victim to a scam and so refused to refund any of the money he'd lost. It also tried, but was unsuccessful, in recovering any more from the bank and account to which his money was transferred.
- Our investigator thought Revolut ought to have done more to protect Mr C and prevent his losses. But she also thought Mr C was partly to blame. So she recommended that Revolut refund 50% of his losses along with interest. Revolut disagreed, so the case has come to me.

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've reached the same outcome as the investigators for much the same reasons. I think Revolut should refund 50% of the money Mr C lost to the scam (along with interest) and I've reached this conclusion having taken the following into account:

- There's no dispute that Mr C authorised all three of the disputed payments, which totalled £815. I appreciate he didn't intend the money to go to the scammers. But, under the Payment Services Regulations 2017, and the terms and conditions of his account, Mr C is presumed liable for the loss in the first instance. But the matter doesn't end there.
- Revolut should be on the lookout for, and help to prevent, payments that could involve fraud or be the result of a scam. But I accept a balance must be struck between 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.

- It's not in dispute that Revolut's fraud detection systems were triggered when Mr C tried to make his first payment of £810 out of the newly opened account. Revolut hasn't explained why exactly this payment 'triggered' its fraud detection systems, but its records show it messaged Mr C to say it had blocked the payment because "*we think it may be part of a scam or fraud.*" Mr C assured Revolut that he wanted to make the payment and that he agreed, in response to Revolut's question, that he'd checked some reviews about the seller. Revolut said it asked this question because Mr C had indicated that the payment was for "goods and services." But it seems likely Mr C was being coached by the scammer and the warnings Revolut gave didn't alert him to the scam he was falling victim to. The online chat was very brief and, given it had concerns about the payment, I think Revolut could have done more during that conversation – including asking a more open-ended question about the payment. Had it done so I think it could have broken the spell and prevented Mr C's subsequent losses. I say this also having taken into account the other warnings that Revolut says were provided both when he created the payee and through the payment journey.
- Mr C says he was called by a spoofed phone number and the scammer knew enough of his details to convince him the call was coming from a genuine bank employee. So I can understand why he believed his account was at risk and why he followed the scammer's instructions initially. But, like the investigator, I think he ought to have had some concerns along the way about what he was being asked to do. So I think he should bear some responsibility for his losses.
- I think Revolut made reasonable attempts to recover the money Mr C lost but it was, ultimately, unsuccessful..

My final decision

My final decision is that I uphold this complaint in part. I instruct Revolut Ltd to pay £407.50 to Mr C along with interest calculated at 8% pa simple, from the date the payments were made to the date of settlement.

If Revolut considers that it's required by HM Revenue & Customs to deduct income tax from the interest award, it should tell Mr C how much it's taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 25 April 2023.

Ruth Hersey
Ombudsman