

The complaint

Miss T is unhappy Revolut Ltd (“Revolut”), won’t reimburse her for the money she lost when she fell victim to an ‘authorised push payment’ (“APP”) impersonation 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.

On 14 December 2021, Miss T fell victim to an impersonation scam. She received a call from someone pretending to be from another bank that she holds an account with. They advised her that her account was at risk and that she needed to move her money into her Revolut account and then from there on to a ‘safe account’.

Miss T transferred £2,500 into her Revolut account and then made two payments in succession, one of £1872.44 and one of £740.11 to the beneficiary details provided to her.

The following day Miss T attempted to make further payments from her other bank account which were subsequently flagged by her bank for questioning and after a discussion about the payments the scam was uncovered.

Miss T reported the matter to Revolut to see if it could help recover her funds. Unfortunately no funds remained that could be recovered. Revolut also considered that as Miss T had authorised the transfers, it wasn’t responsible for the loss.

Unhappy, Miss T referred the matter to our service. Our Investigator looked into the complaint and didn’t recommend the complaint be upheld. They didn’t think Revolut ought to have done more to identify the payments as potentially fraudulent in the circumstances or have a cause for concern that Miss T was at risk of financial harm or was falling victim to a scam. They also considered that had Revolut contacted the receiving bank as soon as it was made aware of the scam it wouldn’t have been able to recover any funds. And that was because the funds had already been moved on prior to Miss T reporting the matter to Revolut.

Miss T disagreed with the Investigator’s opinion. So, as the matter hasn’t been resolved, 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 T’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.

It is the case that Miss T authorised the transfers in dispute and that's accepted by all parties. And under the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means Miss T is responsible for them. That remains the case even though Miss T was the unfortunate victim of a scam.

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.

In this case, I need to decide whether Revolut acted fairly and reasonably in its dealings with Miss T when she made the transfers or whether it should have done more than it did.

I've thought about this carefully. From what I've seen, there isn't anything unusual or remarkable about the transfers or the amounts that ought to have alerted Revolut to the possibility Miss T was being scammed. Banks and Payment Service Providers process a high volume of transfers and transactions each day. And a Firm 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.

In this case, and given the account history, the payments weren't so out of character that there could reasonably be grounds for Revolut to be suspicious Miss T may be a victim of fraud to an extent that it should have intervened further and questioned Miss T about the payments. So, I think the fact that Revolut didn't flag the transfers for further intervention or questioning was fair and reasonable in the circumstances.

I have also considered whether Revolut did all it could to try and recover the money Miss T lost. The evidence I've seen persuades me Revolut could have acted sooner than it did. But unfortunately, it is common for fraudsters to withdraw or move the money on as quickly as possible.

Here, the receiving bank (the bank used by the scammer) has provided information to show when Miss T's transfers were credited into the account – and importantly when they were withdrawn / moved on. The two transfers Miss T made were credited instantly and were also moved on within ten minutes. So while I consider Revolut could have logged the fraud claim and notified the receiving bank sooner than it did, ultimately it wouldn't have made a difference here as the funds had already been moved on.

Overall, while I appreciate Miss T's been the unfortunate victim of a cruel scam, I think Revolut's decision not to refund her in this instance was fair and reasonable in the circumstances. I say this because it followed Miss T's instructions to make the payments and I haven't seen any reason why it shouldn't have done this. And unfortunately, by the time Miss T reported the matter, the funds had already been moved on by the fraudster meaning no funds could be recovered.

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 T to accept or reject my decision before 22 February 2023.

Matthew Horner
Ombudsman