

## The complaint

Miss L complains that Revolut Ltd (Revolut) wouldn't refund a payment made when she was scammed.

## What happened

### *What Miss L says:*

Miss L told us she received a text message on 23 July 2022. It said her third-party payment service had been suspended and asked her to update her details. She added her debit card details.

On 25 July 2022, she was called by someone purporting to be from Revolut. The caller said there was a suspicious transaction on her account, but if she confirmed it in Revolut's app, she would get a refund on 2 August 2022. She confirmed the payment but no refund arrived. Her account was debited with £745 on 28 July 2022. The payment was to a luggage retailer.

Miss L says the call came from Revolut's number – so it must have been genuine; and the amount of money she had lost was 40% of her balance at the time – and it was money she couldn't afford to lose.

Miss L contacted Revolut on 3 August 2022 to ask them to investigate what had happened.

### *What Revolut says:*

Revolut didn't uphold Miss L's complaint. They said the call was from a scammer. They said Miss L had authorised the payment in the app. She had tapped in the app to confirm the payment. Revolut's numbers are only used for incoming calls – they would never make an outgoing call. They pointed to their terms and conditions – which warned against scam payments and the need to keep security and card details safe.

Revolut had advised Miss L to make a chargeback claim, and this had failed – because the payment had been authenticated by her in the app. The card scheme rules meant the chargeback claim failed.

Revolut said they cancelled Miss L's debit card and issued a new one – and refunded the card delivery fee of £4.99.

### *Our investigation so far:*

Miss L brought her complaint to us. Our investigator didn't uphold it. He said it was likely the scammers got Miss L's card details from the phishing text she got on 23 July 2022. She told us she had tapped on the text and entered her card details. When the scammers called Miss L on 25 July 2022, she authorised the payment via the app. He didn't think the payment was suspicious in appearance, and it was in favour of a legitimate retailer. So – he said it wasn't reasonable to expect Revolut to intervene and stop the payment. He said the chargeback failed because Miss L had authorised the payment in the mobile app. The chargeback scheme is a voluntary one – and it's not guaranteed to provide a refund.

Miss L asked that an ombudsman look at her complaint, and so it has come to me to make 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.

I'm sorry to hear that Miss L has lost money in a cruel scam. It's not in question that Miss L authorised and consented to the payment in this case. Revolut have shown us evidence that Miss L authorised the payment in the app, and Miss L has also admitted she did so. Miss L has also told us that she entered her card details in response to a 'phishing' text she received – and it's likely the scammers then used her card details to carry out the scam.

So, although she didn't intend for the money to go to the scammer, she is presumed to be liable for the loss in the first instance.

So, 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 Payment Services Regulations and the terms and conditions of the customer's account. And I have taken that into account when deciding what is fair and reasonable in this case. But that is not the end of the story. Taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Revolut should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

The Lending Standards Board Contingent Reimbursement Model Code (CRM Code) doesn't apply in this case. That is because Revolut aren't a signatory to the Code.

I need to decide whether Revolut acted fairly and reasonably in its dealings with Miss L when she made the payment, or whether it should have done more than it did. I have considered the position carefully.

I considered whether the payment could've been considered unusual in the context of Miss L's normal account activity. I looked at her statements – and such payments were common. I could see payments of £1,970.95 (22 February 2022); £5,346.92 (10 March 2022); £751.20 (17 March 2022); £1,150 (20 March 2022); £2,760 (23 March 2022); and £4,080 (23 March 2022).

Therefore, I don't think it could be expected that Revolut should've considered the payment of £745 as exceptional – and therefore it wouldn't be reasonable for me to say they should've stepped in and questioned it.

It's also typical that such scams drain an account of funds – and here, that wasn't the case – as £200.38 was left in Miss L's account. And another characteristic is that there are multiple payments – which wasn't the case here, as it was a single payment.

There's also a balance to be struck: Revolut has 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. In this case, I think Revolut acted reasonably in processing the payment.

#### *Chargeback:*

The chargeback process is a voluntary one – customers are not guaranteed to get money refunded, and there are strict scheme rules in place by the card schemes (e.g. Visa and Mastercard) which govern chargebacks. In general terms, the chargeback scheme can provide a refund where a customer has bought goods or a service which isn't provided or is not what was advertised. So – that isn't the case here.

We also asked Revolut for more information about Miss L's chargeback claim and why it wasn't successful. They told us the chargeback had failed because Miss L had authorised the payment in the app; and showed us evidence that Miss L did so. And under those circumstances, the chargeback claim failed – which I think is reasonable.

#### *Recovery:*

In scam cases, we consider what a firm did to recover the money paid. But in this case, because the money paid was for an online purchase for goods with a debit card, this isn't something which we can expect a firm to do – such recovery processes apply to (for example) where there are online bank payments. So I can't reasonably say we would've expected Revolut to try to recover the money.

I'm sorry Miss L has had to contact us in these circumstances. I accept she's been the victim of a cruel scam, but I can't reasonably hold Revolut responsible for her loss. **(continued)**

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 3 August 2023.

Martin Lord  
**Ombudsman**