

The complaint

Miss J complains that Revolut Ltd won't refund money she lost after falling victim to a scam.

What happened

In September 2022, Miss J got a text message which said she was eligible for an energy bill discount and provided a link for her to claim the money. Miss J followed the link and entered her card details before realising it was most likely a scam. Miss J immediately cancelled her card through her Revolut banking app.

The following day Miss J received a call, from someone who said they worked for Revolut. Miss J says she checked the number they were calling from online, and the first link showed it as a genuine Revolut phone number. The caller told Miss J that cancelling her card wouldn't stop a scammer from setting up direct debits on her account, so her account was still at risk. They also explained that by clicking the link in the text, the scammers would've installed malware on her device and would have access to her Revolut banking app.

The caller gave her a fraud case number and told Miss J they needed to reset her Revolut account by giving her a new sort code and account number. They talked Miss J through setting up a new payee and making a payment. As a result of her conversation Miss J transferred the full balance of her Revolut account being £8,118.48 to the new payee.

When Miss J saw the funds leave her Revolut account she became concerned and asked when they would be returned, and the scammer ended the call. Miss J immediately realised she'd been the victim of a scam and contacted Revolut via their in-app chat.

Miss J was on Revolut's chat for approximately three hours. During that time, she was asked to provide evidence of the text message she received relating to the energy bill discount, as well as screen shots that showed the number the scammer called from. At around 7pm the Revolut staff member terminated the chat as their shift had ended. Miss J recontacted Revolut the next day through their in-app chat again to finish raising her fraud claim.

Miss J says she found the caller believable as they knew her full name, phone number and that she'd been the victim of a phishing scam the day before. She also says they guided her through making the payment on her Revolut app as if they knew exactly what she could see.

Revolut considered Miss J's fraud claim but declined to refund her. They said that by the time Miss J contacted them about the scam it was too late for them to cancel the payment. But they had contacted the beneficiary bank to try and recover her funds. They told Miss J she'd been presented with warnings when making the payment, including confirmation that the account name didn't match the payee name on her transfer and a general warning that she could be the victim of a scam. Revolut acknowledged that Miss J had received poor customer service from one of their agents on the day she reported the scam and paid her £75 compensation.

Miss J wasn't happy with Revolut's response, so she brought a complaint to our service.

An investigator looked into Miss J's complaint and upheld it, asking Revolut to refund Miss J in full. The investigator felt the payment Miss J made was sufficiently unusual to warrant intervention by Revolut. They felt that if Revolut had contacted Miss J and asked some questions about the payment, it's likely the scam would've been uncovered and Miss J's loss would've been prevented.

While Miss J agreed with the investigator's opinion, Revolut disagreed. Revolut raised the following points:

- Miss J selected "something else" as the purpose of the payment rather than "safe account", so they were prevented from providing a relevant warning.
- Miss J's payment wasn't unusual as she had previously made large payments from her account including £19,450 in February 2022 and £25,000 in April 2022. They felt we'd unfairly ignored these payments in considering the pattern of previous use because they were to existing payees not new payees.

As the case couldn't be resolved it was passed to me to review.

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 carefully considered all of the evidence I've reached the same outcome as the investigator, and I'll explain why.

In broad terms, the starting position in law is that Revolut 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. And I have taken that into account when looking into what is fair and reasonable in this case. But Revolut also has to be on the lookout for, and help to prevent, payments that could involve fraud or be the result of a scam.

It's not disputed that Miss J made and authorised this payment, although I accept that this was as the result of a scam.

Should Revolut have done more to prevent the payment?

The relevant law and regulations, plus good industry practice and Revolut's own terms and conditions, suggest Revolut has a duty of care to protect its customers against the risk of fraud and scams. Where Revolut identifies transactions as being unusual or out of character, I'd expect them to take steps to ensure the consumer isn't at risk of fraud or potentially the victim of a scam.

From what I've seen I'm satisfied that Revolut should've identified a potential scam risk with the payment Miss J made in September 2022. This payment was significantly higher than the usual transactions made on Miss J's account. I can see that she made a payment in June (one month before the scam) for £4,500 and another payment for nearly £3,000 in September – however most of her transactions were usually for less than £2,000. So, the payment of over £8,000 was unusual and out of character compared to her previous account usage.

Revolut have referred to a payment Miss J made in April (nearly five months prior to the scam) for £25,000, but this was a one-off payment and I'm not satisfied that this should be considered part of a regular spending pattern on her account. And the same applies to the

payment she made in February for £19,450 which was nearly seven months before the scam payment.

I think it's also important to take into account that the scam payment removed the entire balance of Miss J's account, and that there was a Confirmation of Payee no match. Both of these are common in safe account scams and were warning signs to Revolut that Miss J was potentially the victim of a scam. I think these factors added to the size of the payment and the previous usage of her account warranted Revolut intervening before processing the payment.

Having decided that Revolut should've identified this payment as a scam risk, I've gone on to consider what I think is most likely to have happened if they had intervened.

In this case, I would've expected Revolut to get in touch with Miss J to find out more about the payment. Miss J has told us that she believed she was talking to Revolut when she was talking to the scammer and there is no suggestion that she was given a cover story. I think Revolut getting in touch would've broken the spell and that Miss J would've realised that she was the victim of a scam and not continued with the payment.

Revolut say they were prevented from providing Miss J with an appropriate warning because she selected the wrong payment purpose. However, I'm not satisfied that issuing a warning would've been sufficient in this case, as I would've expected Revolut to have contacted Miss J and asked her questions about the payment – rather than relying on a warning.

Revolut have also raised concerns about why Miss J chose the payment purpose of "something else", rather than "safe account". However, Miss J isn't clear on whether the scammers specifically used the words "safe account" when talking about the steps she needed to take to secure her account. From what she's told us they talked about resetting her account by changing her sort code and account, rather than telling her she had to move her money to a new account – which tends to be the discussion as part of a safe account scam. Having considered everything, I'm satisfied that it's more likely than not Miss J would've honestly answered any questions that Revolut asked her about the payment she was making and that it would've been quickly identified that she was the victim of a scam. On this basis, I'm satisfied that Revolut should refund the payment Miss J made.

Should Miss J have done more to mitigate her loss?

I have considered whether Miss J should share any liability for her loss with Revolut, but in this case I'm satisfied that she is entitled to a full refund.

When the scammer called Miss J, they spoofed Revolut's genuine phone number. This means the phone number showing on Miss J's caller ID matched Revolut's number. The scammer knew Miss J's full name, her phone number and that she'd been the victim of a phishing scam the day before. All of this combined with their ability to talk her through the steps required on her Revolut banking app convinced her that she was genuinely talking to Revolut. I'm not persuaded that Miss J should've taken any additional steps to mitigate her loss in these circumstances.

The level of customer service Miss J received

Having reviewed the in-app chats Miss J had with Revolut on the day she reported the scam, I can see that she was often left for long periods of time without a response to questions and that the chat was abruptly ended when the staff member's shift ended. At this point Miss J still had questions about whether she'd get her money back and what steps Revolut would be taking, which weren't answered. In the circumstances, I think the £75 already offered by Revolut is fair for the poor service Miss J experienced.

Having carefully considered everything that both parties have told us, I'm satisfied that Revolut should've intervened when Miss J made her payment, and such intervention would've prevented her loss. On that basis, Revolut should refund Miss J in full, and pay interest on that refund at 8% simple interest from the date of the payment to the date of settlement.

Putting things right

To put things right Revolut Ltd should refund Miss J in full and pay interest on the refund at 8% simple interest, calculated from the date of the payment until the date of settlement.

Revolut should also pay Miss J the £75 compensation it originally offered, if it hasn't already done so.

My final decision

My final decision is that I uphold this complaint against Revolut Ltd and require them to compensate Miss J as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 17 August 2023.

Lisa Lowe
Ombudsman