

## **The complaint**

Ms F complains that Revolut Ltd (“Revolut”) didn’t do enough to protect her when she fell victim to a scam and hasn’t refunded the money she lost.

## **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. I’ll recap the key points and focus on giving reasons for my decision.

In August 2022, Ms F fell victim to an impersonation/safe account scam. She received a text message on 17 August 2022 from who she believed to be Revolut. The message was received within the same text message thread she’d previously received genuine messages from Revolut in. This referred to an attempted payment and told Ms F to get in touch on the contact number shown within the message if the payment had not been made by her. As Ms F hadn’t attempted to make this payment, she called the number listed.

On this call, someone claiming to be from the bank said her account was at risk and had been hacked. She says she was told a new account was needed to be set up in her name and the remaining balance of her Revolut account transferred to the new account. The funds were sent in two payments in succession, one of £100 and one of £748.73. Unbeknown to Ms F she was in fact speaking with a fraudster. I understand the fraudster told Ms F that Revolut would be sending codes to her mobile phone, which she’d need to provide in order to allow Revolut to make the transfers for her. Ms F says she provided the codes to the fraudster and was aware the transfers were made.

Ms F explained it was when the person claiming to be from Revolut said they’d need to check another account she held with another external bank that she became suspicious. She’s told us she ended the call and she contacted Revolut via its in-app chat function to report the matter. Having looked into things, Revolut said as Ms F authorised the transfers, it wasn’t responsible for the loss. It also tried to recover her funds but said no funds remained.

Unhappy, Ms F referred the matter to our service. Our Investigator looked into the complaint and didn’t recommend the complaint be upheld. She 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 Ms F was at risk of financial harm or was falling victim to a scam. She 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 by the time Ms F had finished reporting the matter to Revolut.

Our Investigator also considered Ms F’s concerns regarding the service she’d received from Revolut. In particular, Ms F is unhappy that Revolut didn’t have a contact centre she could call when reporting the scam and she raised there were inaccuracies within the final response Revolut issued on 23 August 2022. Ms F was also unhappy that the fraudster had been able to send a message within the same text thread as genuine messages and was able to open a second account in her name with Revolut which it says cannot be done. Our Investigator acknowledged the aspects about the service Ms F raised would have been

frustrating for her, but she didn't find any poor service warranted a compensation payment or meant that a full refund of the money Ms F lost ought to be provided.

Ms F 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.

I'm aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I'm sorry to hear Ms F was the victim of a scam and I can understand why she wants to do all she can to recover the money she lost. But I can only direct Revolut to refund Ms F's losses if it can fairly and reasonably be held responsible for them.

Having carefully considered everything I've seen and been told; I'm not upholding Ms F's complaint. I'll now 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.

Ms F says she was persuaded to authorise the payments through a scam. She's told us that she provided the fraudster with codes in order to enable them to make the transfers and maintains she did not make the payments herself. Revolut, within its submissions, has provided information which indicates the scam payments were made using Ms F's primary device on her account. While I appreciate the information given by both parties somewhat contradicts itself, I don't find this point makes a difference to my findings in this case. I say this because, whether the payments were made by Ms F or as she recollects were made by the fraudster and not herself - she was aware that her funds were being moved and she provided the fraudster with the codes to enable this to happen. Therefore, I'm satisfied Ms F authorised the scam payments totalling £848.73 from her Revolut account. So, although she didn't intend the money to go to the fraudster, Ms F is presumed to be liable for her loss in the first instance. And under the terms and conditions of the account Ms F held with Revolut, where a valid payment instruction has been received, Revolut's obligation is to follow the instructions that Ms F 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, when looking at the transaction history, I'm not persuaded the payments were so out of character that there could reasonably be grounds for Revolut to be suspicious Ms F may be a victim of fraud to an extent that it should have intervened further and questioned her about the payments. I say this because, I don't think the payments were large enough to have caused Revolut concern. While I accept the account wasn't regularly used – like that of an everyday current account, from what account activity I have seen, I don't consider the two payments to be remarkable enough that Revolut should have had concerns that Ms F may be the victim of fraud. It follows that I think the fact that Revolut didn't flag the transfers for further intervention or questioning was fair and reasonable in the circumstances.

I'm mindful Ms F has commented about the organisation (another EMI) the payments were sent to. She's raised that this organisation is used often by fraudsters and so she considers it reasonable to have expected that Revolut has systems that flag transfers to such organisations. I've thought carefully about this point but as our Investigator explained to Ms F not all payments made to such an organisation will be as the result of fraud or a scam. Banks and Payment Service Providers process a high volume of transfers and transactions each day. There is a delicate balance to be struck as to when it should possibly intervene on a payment against not holding up or delaying its customer's requests. With this in mind, I cannot fairly and reasonably conclude that Revolut ought to stop every payment simply on the fact alone that its customer is making a payment to the particular EMI in question.

Revolut did provide a warning when the new payee was set up. As set out above, Ms F says she provided the fraudster with the codes in order for the transfers to be made to the new account. Whilst I note in this situation this may then have meant the warning wouldn't have been seen by her, with all things considered, I think the warning when setting up a new payee was a proportionate intervention, given the individual circumstances of this case, and I'm not persuaded Revolut needed to do anything more.

I have also considered whether Revolut did all it could to try and recover the money Ms F 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 fraudster) has provided information to show when Ms F's transfers were credited into the account – and importantly when they were withdrawn / moved on. The two transfers Ms F made were credited instantly and were moved on by the time she'd reported the fraud. 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.

I've also carefully considered the aspects Ms F is unhappy with relating to the service she received. Firstly, I recognise Ms F's dissatisfaction with being unable to contact Revolut by phone to report the scam. While I note Ms F's strength of feeling about the in-app chat and the process to report the scam, I'm afraid I can't say Revolut has acted unfairly in this regard. I say this because Revolut is an online bank and it is not for this service to regulate or tell a business how it should operate or run its business. Our role is to look to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

As I've said above, I don't think Revolut acted on the fraud notification as quickly as it could of done in terms of looking to recover any funds, but for the reasons I've said earlier, this didn't make a difference in this case – there were not funds to recover as they'd been moved on by the time the fraud had been reported. With this in mind, I don't consider an award is warranted for this aspect.

Ms F has said Revolut's operating system permitted the infiltration of text messages. She also considers that the bank should recompense her as its security systems were not of an acceptable standard. I've thought carefully about these points. While I can understand Ms F's upset and strength of feeling about the fraudster being able to send a message to her which appeared within a thread of genuine text messages from Revolut, I'm afraid I can't hold Revolut responsible for this. Unfortunately, fraud and scams are continually evolving, and fraudsters are adapting and using sophisticated means in which they scam their victims. I don't think it would be fair or reasonable for me to hold Revolut responsible for the specific tactic's fraudsters use, which are outside of its control. Further, it is not within this service's remit to tell a business how to run their security procedures in order for the business to be satisfied they are meeting their regulatory requirements. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct Revolut to make changes to their policies and procedures, if necessary. So, it follows that these points don't change my conclusions.

I am sorry to have to deliver this news to Ms F and I know this will not be the outcome she was hoping for. There is no doubt that she has been the victim of a scam, but I am only able to consider whether Revolut can fairly be held liable for her loss. After carefully considering everything, I'm not persuaded there are any grounds on which Revolut can fairly and reasonably be held responsible for refunding the two payments Ms F authorised. I also make no recommendations in respect of the service aspects Ms F has raised, for the reasons I've already explained.

### **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 Ms F to accept or reject my decision before 14 March 2023.

Staci Rowland  
**Ombudsman**