

The complaint

Mr M complains that Revolut Ltd won't refund the money he lost when he was the victim of a scam.

What happened

In August 2022, Mr M received a call from someone claiming to be from Revolut. The caller said they had stopped some attempted fraudulent activity on Mr M's account, but that they now needed to close his account and set up a new one for him in order to keep his money safe. As the caller knew some personal details about him and sent him a text message that appeared on the same thread as other genuine Revolut text messages he'd received previously, Mr M believed the caller was from Revolut. And so he sent two payments from his Revolut account to the new account details the caller gave him, totalling £2,274.18. Unfortunately, we now know the caller was a scammer.

The scammer said they would stay on the call while they switched Mr M's direct debits to his new account, but the line eventually dropped. And when Mr M then messaged Revolut's customer support chat, they told him he had been the victim of a scam.

Revolut investigated but said it had done everything it could to protect Mr M and his funds. It said it had warned him that the account details he'd entered didn't match the details on the account the money was going to, but Mr M had confirmed he still wanted to make the payment. And it said it had contacted the bank the money was sent to, but hadn't been able to recover any of the money. So it didn't agree to refund the money Mr M had lost. Mr M wasn't satisfied with Revolut's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They didn't think the payments Mr M had made were unusual or out of character enough that Revolut ought to have intervened before allowing them to go through. And they thought Revolut had done enough to try to recover the money from the bank it was sent to. So they didn't think Revolut should have to refund the money Mr M had lost. Mr M disagreed with our investigator, so the complaint has been passed 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 don't think it would be fair to require Revolut to refund the money Mr M has lost. I'll explain why below.

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 be good industry practice at the time.

In broad terms, the starting position in law is that an account provider 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 a customer will then be responsible for those transactions that they have authorised.

It's not in dispute here that Mr M authorised the payments. He accepts he made them himself as instructed to by the scammers. So while I recognise that he has been the victim of a scam and didn't intend the money to go to scammers, the starting position in law is that Revolut was obliged to follow his instructions and process the payments. So Mr M isn't automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams. So I've also thought about whether Revolut did enough to try to keep Mr M's account safe.

But neither of the payments Mr M made as a result of this scam were for a particularly large amount and I don't think either payment was particularly unusual or out of character when compared to the previous spending on Mr M's account. The payments also didn't create a particularly suspicious pattern of payments, didn't use up the full available balance in the account and didn't leave the balance of the account at an unusual level.

So I think it's reasonable Revolut didn't identify that Mr M could be at risk of financial harm as a result of these payments, and didn't intervene to ask any further questions before allowing the payments to go through.

I've also considered whether Revolut did enough to try to recover the money Mr M lost, once it had been told about the scam. We'd expect a business to take reasonable steps to try to recover the money from the bank it was sent to. But Revolut's records show it contacted the bank the money was sent to within a reasonable timeframe and was told there was no money left to be recovered. So I think Revolut has done all we'd expect to try to recover the money.

I sympathise with the position Mr M has found himself in. He has been the victim of a cruel scam and I appreciate that my decision will come as a disappointment to him. But, for the reasons I've set out above, I don't think Revolut has acted unreasonably or that anything I would reasonably have expected it to do would have prevented this scam. So I don't think it would be fair to require Revolut to refund the money Mr M has lost.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 28 April 2023.

Alan Millward
Ombudsman