

## The complaint

Miss R is unhappy that Revolut Ltd hasn't refunded her after she was the victim of an Authorised Push Payment (APP) scam.

## What happened

Miss R was called by scammers pretending to be from her bank. They said her account was compromised – she said she checked her account but couldn't see any issue. The caller had her details, name and previous address. And she received a spoofed text which appeared in a chain of genuine texts she had received from her bank. She was asked if she had another bank account that she could transfer the money to. And she moved her funds from that bank account to her Revolut account.

Shortly after that call ended, she received a call from someone pretending to be from Revolut, mentioning the conversation she'd had with her other bank account provider. They knew the same details and took her through some security steps. She was told she needed to move her money to a "safe account" and for safety reasons the account wouldn't be in her name.

At some point she downloaded AnyDesk which allowed the scammers to see what she was doing. She says they talked her through each screen and any warnings that popped up and told her how to proceed with the payments. When asked Miss R says she doesn't recall receiving questions from Revolut, but says she was panicking during the whole thing. She doesn't recall being given a cover story by the scammers.

Miss R said she thought the calls were genuine as the callers had personal information about her and her accounts.

Miss R made two payments to a new payee for £30 and £24,500 respectively. She received a "no match" on the confirmation of payee and a warning that explained the recipients name she'd entered didn't match the account name the money was being transferred to. And a general warning which included the wording "*remember, fraudsters can impersonate others and we will never ask you to make a payment*". The second payment was stopped by

Revolut and an "in-app chat" was started.

The chat opened with the following

*The system has temporarily frozen your transaction of. ... we think it may be part of a scam or fraud. We're trying to keep your money protected, please bear with us while we check some details to make sure you really want to make this payment.*

Miss R was then asked two questions

*Have you been asked to install any apps such as AnyDesk or teamviewer?  
Are you currently on the phone with someone who is asking you to transfer money?*

To which Miss R replied “no” to both questions. And this was followed up with *Thank you. It is always important to take your time when making a payment to someone new. Would you like me to decline the transfer for you, while you take some time to consider if you would like to transfer to this beneficiary?*

Miss R contacted Revolut within an hour of the scam payments being made. Revolut looked into the matter but decided not to refund Miss R. It said Miss R was sufficiently warned by its security systems and although the second payment was picked up as highly suspicious, she failed to answer the questions correctly, leading to the app not showing her the proper warnings. So overall it didn't miss a chance to prevent the scam.

The investigator said the first payment of £30 wasn't significant enough to have warranted intervention by Revolut. And although the £24,500 was flagged she felt the warning given was generic and the questioning and explanations from Revolut could have gone further. She said it didn't provide context about the questions it did ask or give Miss R any information about how she could have protected herself from scams. And Miss R wasn't given a cover story so with the right questioning from Revolut, she thought the scam could have been exposed.

But she also went on to say she thought Miss R should bear equal liability for her loss. She said this because Miss R had concerns about who she was transferring the money to. She'd been told her account with a different bank had been compromised but not her Revolut account. Although she questioned some things she was told by the scammers, she proceeded with the payments anyway.

Revolut disagreed it said:

- There were many opportunities for Miss R to realise the call as fraudulent, she was asked questions by the bank that clearly applied to her situation and being asked these should have raised her suspicions.
- Miss R was asked a series of questions prior to making the payment and when her payment was put on hold it included a warning which said, *“our system has temporarily frozen your transactions because we think it may be part of a scam or fraud”*.
- If Miss R had answered one of the questions truthfully it would have uncovered what was happening, but she didn't.
- Miss R was unreasonably and totally convinced by the scammer that an employee at another bank would ask a customer to ignore another bank's warning and not answer truthfully to clear anti-fraud questions. And so, it believes any further questions would have been answered in the same way by Miss R.
- After Miss R had answered all the questions, the Revolut agent had no choice but to allow the transfer.

The investigator responded to say:

- she had acknowledged there were failings on Miss R's part, and she concluded shared liability in her findings.
- Miss R was being directed by scammers to move between the warnings. Businesses are aware that's how scammers operate, and the pressure consumers can be put under.
- The Revolut agent could have done more to highlight how these scams work, including explaining what it meant when it asked questions about remote access software – what this was, how it can be used by scammers etc.
- The questions didn't have any explanation about why they were being asked. All the

questions were closed questions.

- Overall, she didn't think Revolut had ascertained enough about the payment purpose before deciding to make it.

Revolut continued to disagree. It said:

- It asked clear and concise questions when it stopped the payment about installing remote access software and being on the phone with anyone at the time of making the payment. And because she answered negatively to those two questions, it doesn't think Miss R could have been dissuaded from authorising the payment, no matter what it said, as she was being told what to do and say by the scammers.
- Whilst there is a slight possibility the scam could have been exposed it has a duty to protect customers from financial harm and not guess which scam they are falling victim to. It has to strike a careful balance between protecting customers and not delaying legitimate transfers. It can't be expected to stop every suspicious transfer and explain every possible scam every time.
- At the time of the transfer Miss R had said she wasn't asked to ignore warnings, she was paying someone she didn't know, she hadn't downloaded remote access software and wasn't on the phone (with someone else) at the time.

As the complaint couldn't be resolved it was passed to.

I have since separately contacted Revolut, to say I agreed with the outcome reached by the investigator, as well as asking for some further evidence about the warnings it provided, I also said;

- Whilst Revolut engaged with Miss R during the course of the scam payments I wasn't persuaded the questions and responses it gave were proportionate.
- Miss R was making a significantly large and out of character payment where the Confirmation of Payee (COP) did not match.
- There were no questions asked about the nature of the payment or who was being paid and why. And those types of questions would have been reasonable and proportionate in the situation.
- I also said that based on the two specific questions that Revolut asked I wasn't persuaded how Revolut had been satisfied that Miss R wasn't at risk of financial harm.
- I also hadn't seen any persuasive evidence for the basis of Revolut's argument that better questioning wouldn't have exposed the scam or prevented her from making the payments. And Miss R says she doesn't recall being given a cover story by the scammers.

I recommended that Revolut follow the investigators recommendations.

Revolut disagreed. It said Miss R selected "something else" as the payment reason and she was "forced" to answer the questions and start a chat with one of its customer support agents. And this is the most incisive form of intervention for bank transfers that could be expected. And the additional questions covered multiple scam signs such as impersonation scam and romance scams. And Miss R lied around nine times on the chat.

It went on to say Miss R was under the scammers spell and further intervention wouldn't have been effective.

### **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 see no reason to depart from the investigators' original recommendations. It's not in dispute that Miss R has been defrauded. The payments made to the scam were 'authorised'. Miss R says she followed the instructions of the scammers to move her money to keep it safe. So, even though she didn't intend the payments to go to a fraudster, the payments were 'authorised' under the Payment Services Regulations. Revolut had an obligation to follow the payment instructions it received, and Miss R is presumed liable for the losses in the first instance.

But that's not the end of the story. Taking into account the law; regulator's rules and guidance; relevant codes of practice; and, what I consider to have been good industry practice at the time, I consider that Revolut should:

- Have been monitoring accounts and payments made or received to counter various risks, including fraud and scams, money laundering, and the financing of terrorism.
- 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 (amongst 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 made additional checks before processing a payment, or in some cases declined to make a payment altogether, to help protect its customers from the possibility of financial harm.

And as a matter of good industry practice, I think Revolut ought fairly and reasonably to have done more here. Whilst I appreciate Revolut is generally expected to follow payment instructions, that isn't an unfettered duty. Reasonable checks and balances are also required as part of the broad regulatory landscape to treat customers fairly and to safeguard against the risk of fraud or financial harm. I accept there's a limit to what can reasonably be done.

But in this case, I'm conscious that Revolut had already disrupted the payment journey by blocking the payment and starting the in-app chat with Miss R. And I'm not persuaded that the subsequent action it took was enough to meet its obligations to protect Miss R from financial harm or from fraud.

I appreciate that Revolut warned Miss R that it considered the transactions to be suspicious. But it didn't give any further information about why the payment appeared suspicious – or any information about the type of scam Miss R was at risk from (or really any types of scams). Without that information, Miss R couldn't be expected, from this warning alone, to understand why the payment was suspicious or that a scammer might be involved.

Yet Revolut allowed her to re-make the transaction immediately afterwards, despite knowing nothing more about the purpose of the payment or the circumstances surrounding it.

I satisfied Revolut should have done more in relation to the risk it identified. For example, after blocking the payment, it would've been more appropriate to ask her questions about the reason for the payment and the payee – especially in light of the value of the transaction and she already decided to proceed when there was a "no match" on the beneficiary account name.

Revolut has argued that Miss R lied, and this inhibited its ability to provide appropriate warnings, expose the scam or prevent her losses. I appreciate its point that it can only react to the information it's given, as well as the information it has about a customer's account usage and the payments being made at the time. But to remind Revolut, it only asked two, very narrow, closed questions to Miss R, without providing any context about why they might be relevant in her circumstances or how scammers use these tools to trick consumers. As I've said before if Revolut had asked more questions about the payment itself it might have been able to provide more helpful and relevant warnings. And given some steps or actions Miss R could have taken to protect herself from the scam.

Of course, I can never be certain that the scam would have been exposed. And Revolut argues that it wouldn't have been able to in this instance, because Miss R was so hooked in by the scammers. Miss R says she doesn't recall being given a cover story by the scammers, if she had been questioned further about the payments. I agree it's possible that if she had been asked more questions by Revolut then the scammers may well have been able to provide a cover story, given she was on the phone to them, and they could see her phone screen at the time. But Revolut would need to be satisfied by those responses that Miss R didn't remain at risk of financial harm when proceeding with the payments. I also think any answers to those questions would need to be considered in light of the value of the payment to a new payee and where there had been a "no match" on the beneficiary account so any answers Miss R provided would've needed to stack up against that information as well. And in all likelihood, I'm not persuaded they would have done given how unusual all those factors were.

So, on balance I'm satisfied that Revolut didn't do enough here when it intervened with the second payment Miss R made. And ought to refund 50% of her losses, plus interest.

The investigator also set out that Miss R ought to remain liable for 50% of her losses here. There were several red flags about what she was being asked to do. These were covered by the investigator, but in summary these include:

- Being asked to move the money on from Revolut when she was told her original bank account had been at risk, not her Revolut account.
- Making a payment to an unknown beneficiary,
- Not reviewing or considering the limited warnings she was given by Revolut.
- And answering the questions in the way that she did when they were relevant to her circumstances and questioning why she was told to do that by the scammers.

I agree with these findings and that Miss R ought to remain equally liable for her losses.

### **Putting things right**

I direct Revolut Ltd to refund Miss R 50% of her losses of the £24,500 payment plus 8% simple interest from the date of the payment to the date of settlement.

### **My final decision**

I partially uphold Miss R's complaint against Revolut Ltd. Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 2 November 2023.

Sophia Smith  
**Ombudsman**