

The complaint

Mr M has complained that Revolut Ltd won't refund the money he lost after falling victim to a scam.

What happened

Both sides are familiar with the case, so I'll summarise what happened in brief.

In spring 2022, Mr M was called by a scammer who impersonated Revolut and made it appear that they were calling from Revolut's real phone number. They convinced Mr M his money was at risk, so he transferred the balance of his account – about £1,500 – to an account they'd set up, which they said was in his name.

Later the same day, Mr M reported the scam to Revolut. Revolut tried to recover his money from the receiving bank but got no response.

Revolut didn't think they were liable for Mr M's loss. They explained they'd given Mr M warnings before he'd made the payment, it wasn't unusual enough for them to flag it, and while they'd tried to recover the money the receiving bank had not co-operated.

Our investigator looked into things independently and didn't uphold the complaint. Mr M asked for an ombudsman to look at the case afresh, so the complaint'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 understand that Mr M fell victim to a scam, and so he has my sympathy. I appreciate this can't have been an easy time for him, and I appreciate why he feels that his money should be returned. It's worth keeping in mind that it's the scammer who's primarily responsible for what happened, and who really owes Mr M his money back. But I can only consider what Revolut did. Having carefully considered everything that both sides have said and provided, I can't fairly hold Revolut liable for Mr M's loss. I'll explain why.

I understand that Mr M thinks Revolut must have leaked his data or otherwise been compromised. But there are lots of different methods scammers use to get their hands on people's details, and it's not possible for me to be certain how they did so here. It's also possible for scammers to "spoof" phone numbers, to make it appear as if they're calling from the bank's real number. I've not seen any evidence which substantiates that this was Revolut's fault, and I have no basis on which to conclude that it was.

It's not in dispute that Mr M authorised the payment. So although he didn't intend the money to go to a scammer, under the Payment Services Regulations he is liable for the loss in the first instance. And broadly speaking, Revolut had an obligation to follow his instructions – the starting position in law is that banks are expected to process payments that a customer authorises them to make.

Revolut should have been on the lookout for payments which could be the result of fraud or scams, to help prevent them. But I also accept that a balance must be struck between identifying and responding to potentially fraudulent payments, and ensuring there's minimal disruption to legitimate payments. I've thought carefully about whether Revolut should have done more in Mr M's case.

However, I don't think the payment involved was so unusual or out of character that Revolut needed to intervene. For example, the payment had been properly authenticated by the genuine customer, it was only one payment rather than lots of payments, and there were no failed logins or other signs that something unusual was happening. While it was a significant amount, it wasn't so large that I'd expect it to be flagged. After all, customers do make large payments from time to time, and banks can't reasonably stop every large payment.

Further, I can see that Revolut did warn Mr M that they couldn't confirm whether the name on the receiving account was right or not, as the receiving bank didn't use the Confirmation of Payee system. They also warned Mr M that fraudsters impersonate people, that they'd never ask him to make a payment, and that they might not be able to get the money back if he went ahead. I think these warnings were relevant and proportionate to this case, and it's recorded that Mr M chose to proceed. I think Revolut gave as much warning as I'd expect them to given the particular circumstances of this payment.

Next, I've considered what Revolut did to try to recover Mr M's money after he told them about the scam. Under the Best Practice Standards, Revolut should notify the receiving bank immediately after being told about the potential fraud. I agree with Mr M that Revolut should have contacted the receiving bank a bit more quickly here. The receiving bank didn't reply to Revolut, but our investigator did manage to make contact with them and find out what happened to Mr M's money. And unfortunately, by the time Mr M contacted Revolut the scammer had already moved the funds on – they'd done so just a few minutes after Mr M made the transfer. So even if Revolut had acted as quickly as possible when Mr M reported things, I'm afraid it was already too late to recover his money.

Mr M questioned how the scammer was able to move the money on so quickly. As far as I can see, they did so in the normal way – UK bank transfers are very quick, often only taking seconds to complete. In any case, I'm afraid that would be a question for the receiving bank, not Revolut – Revolut cannot block a bank account with a different bank. And in this case I can only consider what Revolut did.

Mr M also questioned why another bank refunded him when he was defrauded, but not Revolut. From what I can see, it looks like that's broadly because in that other case, Mr M did not make or consent to those payments, so he wasn't liable for them. Whereas in this case, Mr M made the payment involved himself, meaning he's generally liable for it.

I appreciate that Mr M is unhappy with Revolut's customer service. But from what I can see, Revolut worded things appropriately, and they replied to Mr M promptly within the timescales they gave – they did say they'd try to give an answer within 15 business days, but it could take up to 35 business days. And it looks like the time taken was mostly due to the receiving bank not co-operating, which Revolut are not responsible for. As above, Revolut did take a bit too long to initially contact the receiving bank, but I'm afraid that would not have made a difference here, as the money was already gone by the time Mr M reported the scam. Ultimately, I'm afraid there was nothing more that Revolut could reasonably do to recover Mr M's money.

Lastly, I understand Mr M is unhappy that Revolut primarily communicate by in-app chat. But they were allowed to do that. They didn't have to communicate with him by a different method. And that is, generally speaking, their primary contact method.

So while I'm very sorry to hear about what the scammer did to Mr M, I don't think Revolut should be held responsible for his loss. And so I can't fairly tell Revolut to refund Mr M's money in this case.

My final decision

For the reasons I've explained, 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 12 July 2023.

Adam Charles
Ombudsman