

The complaint

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

What happened

In November 2022, Miss C received a phone call she believed came from a financial institution who I'll refer to as S. S told Miss C that her account was compromised and that they'd detected two transactions made in the area of Coventry earlier that day. S asked Miss C how she made payments to her account, and she told them through an account with Revolut and another financial institution who I'll refer to as L. S suggested that these accounts could also be compromised, saying her phone could have a virus which would give fraudsters access to her online banking with L. Miss C was told to transfer all her funds to her Revolut account.

The fraudsters told Miss C that they were setting up a 'safe account' with L which she would be able to move her funds back to from Revolut and that this safe account would stop the fraudsters from being able to track her money.

Miss C says she was suspicious and wanted to keep the money in her Revolut account, but that the fraudsters kept reassuring her that the call was genuine. Miss C says she received what appeared to be genuine messages from Revolut, that followed on in a thread of genuine messages she had previously received from them. As well, she got messages from L and a pop-up message in her Revolut banking app.

As a result of the call, Miss C made three payments from her Revolut account as follows:

Date	Pmt	Transaction details	Amount
15.11.2022	1	Payment to F – <i>new payee set up</i>	£1.00
15.11.2022	2	Payment to F – <i>pending by Revolut and cancelled by Miss C</i>	£4,445
15.11.2022	3	Payment to F	£4,445
15.11.2022	4	Payment to F	£4,285
		Total loss	£8,731

All of the payments were made to the same payee, "F" – which wasn't related to Miss C's name.

Miss C says that after she made the last payment the phone call with the scammers ended. She checked her new safe account and when she couldn't see the funds in it, thought there was a delay in the money going through. When she checked the following morning and the funds still weren't showing, she realised she'd been the victim of a scam and contacted Revolut.

Revolut declined to refund Miss C's loss for the following reasons:

- When Miss C set up the new payee, she was presented with a warning which asked if she trusted the beneficiary and she confirmed she did.

- When Miss C made the second payment, Revolut stopped it because it was out of character based on her previous account usage. They got in touch with Miss C and asked her about the purpose of the transfer. They say they provided Miss C with a warning that covered the type of scam she was falling victim to. Revolut say they also offered for Miss C to consult with one of their customer support specialists via chat before proceeding with the payment – but Miss C declined and instead cancelled the payment. Around 20 minutes later Miss C set up a new payment for the same amount and to the same payee.
- Revolut say Miss C was presented with the same warning again with the third payment but made the payment regardless.

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

An investigator looked into her complaint and partially upheld it, recommending that Revolut refund 50% of the payments Miss C made, from payment 3 onwards and pay interest on that refund. The investigator felt Revolut should've intervened and prevented Miss C from making the payments, however they felt the warnings shown should've caused Miss C concern and that she had contributed to her loss by proceeding to make the payments.

Miss C disagreed with the investigator's opinion. She explained that the fraudsters created an environment which caused her extreme stress, made her nervous and meant she was fearful for her money. She says this compromised her thinking process with regards to the warning. She also feels that Revolut should've blocked the payments and not allowed them to go through, and if they had, she wouldn't have suffered a loss.

Miss C feels it's not fair for us to rely on the warning she was shown as she feels prevention needs to be on a system level rather than relying on human factors. For these reasons she doesn't feel that she should be held liable for any of her loss.

Revolut also disagreed with the investigator's opinion, saying their warnings were strong and targeted.

As the case couldn't be resolved it has been 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.

Revolut aren't a signatory to the Lending Standards Boards Contingent Reimbursement Model Code (the CRM Code), so I can't apply the CRM Code to these payments.

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 C made and authorised these payments, although I accept that she did so as the result of a scam.

Should Revolut have done more to prevent the payments?

I'm not satisfied that Revolut should've identified a scam risk when Miss C made the first payment. While it was for a new payee, the payment was only for £1. So, I wouldn't have expected Revolut to have intervened or prevented the payment.

The second payment Miss C made was pended by Revolut as they had some questions and concerns about the payment. Miss C put the reason for the payment as "transfer to a safe account" and based on that, Revolut should've identified the scam risk and prevented Miss C from making the payment. As Miss C cancelled the payment, this payment wasn't processed so she didn't suffer a loss.

However, based on the information Revolut had in relation to the second payment, I think they should've intervened and prevented Miss C from making the third and fourth payments. Especially as the payments were being made to the same payee and the pattern of payments, along with the selected payment purpose, made it clear that Miss C was the victim of a safe account scam. On that basis, Revolut should refund payments three and four.

But I also have to consider whether Miss C could've mitigated her loss and therefore should share responsibility for the loss on these two payments with Revolut.

Could Miss C have done more to mitigate her loss?

Miss C was offered the chance to talk in-app with one of Revolut's customer support specialists about the payment that was pended. Based on what Miss C has told us, there is nothing to suggest that the fraudster had told her not to communicate with other staff at Revolut or L and I think Miss C should've had concerns and questions about why the payment wasn't going through if she believed the caller was liaising with Revolut and L.

If Miss C had discussed the payment with a genuine Revolut staff member I think it's more likely than not that it would've been made clear to her that she was the victim of a scam, and she wouldn't have proceeded with making the third and fourth payment.

Added to this, I have to take into account the warning that Miss C was shown by Revolut when making the second payment. This warning said:

Beware, there is a high probability that this payment is a scam.

Before sending your money, please beware that:

- *Fraudsters can fake phone numbers to make it look like the genuine phone number of an organisation or authority*
- *Revolut will NEVER contact you over the phone without verifying ourselves first via the in-app chat*
- *Revolut and other banks will NEVER tell you to move your money into a new "safe" account*
- *Revolut and other trustworthy organisations will NEVER tell you to ignore this warning*

Scammers impersonate trusted organisations to trick victims into making payment to accounts controlled by them. Revolut will never ask you to transfer funds to a "safe account" or to ignore payment warnings. If you are at all suspicious, please stop and read our scam guidance. You risk losing money we may not be able to recover

This warning is very specific to the scam Miss C was falling victim to. It specifically mentions 'safe account' and the warning was shown with the first line in bold and larger letters.

Miss C has explained how she felt during the call with the fraudsters and the impact it had on her emotionally and physically, however I'm not convinced that is sufficient to say she shouldn't have read the scam warning. Especially considering the payment was pending by Revolut and Miss C had to actively cancel the payment, in order to set up a new payment for the exact same amount to the same payee around 10 minutes later.

I also note that Miss C also told us that she was suspicious when she was told to move her money back to a 'safe account' by fraudsters, but it's unclear what if any checks she made at that point. I think it's also important to highlight that the new payee Miss C set up on her Revolut account and used for all of the payments she made, didn't relate to her name or to any of the financial institution's names. The name appears to be connected with a business which is unrelated to Miss C or her situation. An online search of the name would've brought up companies that are unrelated to what she was being asked to do which should've been concerning to her.

Taking all of these points into consideration as a whole, I think there was enough going on that Miss C should've had concerns when she cancelled the second payment and that she should've done additional checks on who she was talking to and the validity of what she was being asked to do. On this basis, I'm satisfied Miss C could've and should've done more to mitigate her loss and therefore should share responsibility for her loss with Revolut.

Miss C feels that prevention should be done on a system level and not rely on human factors. However, a balance has to be struck between Revolut identifying potentially concerning payments, and responding appropriately to any concerns, and minimising disruption to legitimate payments.

When Revolut has identified concerns that a customer is potentially the victim of a scam, the expectation is for Revolut to intervene. What that intervention looks like will vary depending on the characteristics of the payment made and the type of risk Revolut identifies. So, in some cases, we may say that it is appropriate for Revolut to provide a warning to the customer to help them identify the risk, in other cases we may say Revolut should contact the customer and get more information about the purpose of the payment to allay their concerns before proceeding with the payment. And there are some situations where we would expect Revolut not to proceed with the payment, as is the situation in this specific case.

I appreciate that Miss C doesn't agree that she should be held responsible for any of the loss she's suffered. But, for the reasons given above, I'm satisfied that she should've been sufficiently concerned after the second payment was pending and she was given a warning specific to the scam she was falling victim to, that she shouldn't have proceeded with making the third payment or fourth payment. So, I'm asking Revolut to refund 50% of the third and fourth payments that Miss C made and to pay simple interest at 8% a year on that refund from the date she made the payments until the date of settlement.

Putting things right

To put things right Revolut Ltd should:

- Refund Miss C 50% of £8,730 (being the total of payments three and four)
- Pay simple interest at 8% a year on the refund, calculated from the date of the payments until the date of settlement*

**If Revolut considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss C how much it's taken off. It should also give Miss C a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.*

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 10 October 2023.

Lisa Lowe
Ombudsman