

The complaint

Mr S is unhappy that Revolut Ltd refused to refund the money he lost after falling victim to a scam.

What happened

In June 2021 Mr S received a text from, what appeared to be, the NHS about covid-19 contact tracing which asked him to get tested. He clicked a link to buy a test and, as part of that process, provided various personal details as well as some payment card details. Soon after, Mr S received a phone call from someone who said they worked for a foreign exchange fintech company with which Mr S held an account.

This individual, who turned out to be a scammer, persuaded Mr S that the NHS link he'd clicked on was fake and this had enabled hackers to get access to his mobile phone and all of the banking apps on it. Mr S disclosed which banking apps he held and the individual said he would liaise with all of the other account providers. Several phone calls then took place with both this individual and another who claimed to work for one of the other banks with which Mr S held an account.

The scammers persuaded Mr S to move money between the various accounts he held and he ended up losing a total of £38,000 in two payments made from his Revolut account to the scammer. Mr S realised he's been scammed when the transfers he'd made failed to turn up in his bank account in the way that the scammer had described. So he reported the matter to Revolut.

Revolut refused to reimburse any of Mr S's losses. It says it took steps to block the two payments and gave scam warnings to Mr S, but he ignored them. It contacted the receiving bank but was only able to recover £293.83, which was returned to Mr S's account.

I issued a provisional decision earlier this month setting out why I thought Revolut should refund all the money Mr S had lost to the scam. I have reproduced my provisional findings below:

Revolut has referred to the Lending Standards Board Contingent Reimbursement Model Code in some of its correspondence. But the Code doesn't apply in this case as Revolut isn't signed up to it.

It's not in dispute that Mr S instigated the transfers in and out of his Revolut account. So, although he didn't intend the money to go to the scammers, under the Payment Services Regulations 2017 and the terms and conditions of his account, Mr S is presumed liable for his loss in the first instance.

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 an electronic money institution like Revolut 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. An example of this would be if a payment instruction is sufficiently

unusual or uncharacteristic given the usual use of the account. In such circumstances I'd expect Revolut to intervene and ask more questions about the intended transaction before processing it. I'd also expect Revolut to provide suitable warnings about common scams to help its customers make an informed decision about whether they want to continue with the payment.

Following the investigator's intervention, Revolut has accepted it should have done more than it did when Mr S made these two payments and that better intervention would have prevented Mr S's losses. I agree, so all that remains is for me to consider whether it's fair to make a deduction from the refund in the way the investigator proposed.

This has been a somewhat difficult case to decide because I do think there were some warnings signs that Mr S could have spotted. This includes one of the warnings Revolut displayed as part of the payment journey which mirrored the situation Mr S found himself in. It said there was a high probability he could be falling victim to a scam and that "Revolut and other banks will NEVER tell you to move your money into a new 'safe' account." But, given everything that was going on I can understand, in this particular case, why Mr S moved past this warning and complied with the scammers' instructions. I note, in particular, that:

- Mr S was called by two different scammers who claimed they were from two different financial businesses. Both of whom managed to 'spoof' the genuine businesses' phone numbers. I can see how this helped convince Mr S that the scammers were genuinely trying to help protect his money. The scammer's confidence, reassurance and familiarity with the payment processes for each of Mr S's banks, along with the provision of an FCA investigation reference further helped to build Mr S's trust.*
- The scammers persuaded Mr S to send the money using Revolut's 'payment link' facility. Using this function meant he didn't have to enter any receiving bank account details, so he didn't go through the confirmation of payee process. The scammers used those payment links to draw the money to accounts that were, presumably, under its control and which were not held in Mr S's name. But the confirmation emails Mr S received from Revolut suggested the money had been sent to himself – his name was showing in the "to" field. I can understand why receiving such a confirmation would have reinforced his belief in the lie the scammers were telling him – that the money was being sent to a 'safe' account in his name. I also note that Mr S tells us he'd never previously used this facility so wasn't familiar with the process. Nor did the scammers seemingly give him time to review any of Revolut's guidance about the process and/or the relative risks of using this payment method.*
- The scammers persuaded Mr S to send the 'payment link' details to Revolut@yopmail.com and, as I've already noted, some warnings were shown to Mr S. I can see why the investigator thought that these things should have raised some alarm bells. But the scammers seems to have been encouraging Mr S to act quickly to protect this money and the urgency of prompt action was accompanied by warnings that hackers were constantly trying to get to his funds. This, undoubtedly caused, Mr S some degree of distress and that may well have affected his ability to think as clearly in the moment as he would have in other, less stressful situations. And he explains this is also why he didn't read or take heed of the warnings Revolut presented. He thought he was speaking with two genuine, experienced bank employees who were coordinating with all of his other banks and so was being entirely guided by them. Overall, in this particular case, I can see why Mr S didn't pause or insist on trying to verify anything the scammers were telling him.*

With all of the above in mind, I currently think Revolut should cover all of Mr S's remaining losses.

Both parties accepted my provisional findings and made no additional submissions.

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, and as neither party has sent any new evidence or arguments for me to consider, I see no reason to depart from the conclusions set out in my provisional decision and reproduced above.

Putting things right

Mr S paid away a total of £38,000 and Revolut was only able to recover £293.83 from the receiving bank, which I understand has already been returned to Mr S.

The money Mr S lost originated in accounts held with other banks and I'm satisfied, if Mr S hadn't fallen victim to those scams, that the money would have remained in those accounts. I've seen nothing to suggest the money would otherwise have been spent and/or that Mr S has, personally been deprived of the use of it. I say the latter with the understanding that at least some of the money came from a business account for a limited company (of which Mr S is one of the two directors).

So I think Revolut Ltd should:

- Refund the remaining £37,706.17.
- Pay interest on the above sum calculated at the interest rate applicable to the accounts where the money originated. This should be paid from the date the money left Mr S's Revolut account to the date settlement is made. Mr S will likely need to provide evidence to show what interest rate, if any, was paid on those accounts. However, if those accounts were not interest-bearing, then no interest will need to be paid.

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

My final decision

My final decision is that I uphold this complaint and I instruct Revolut Ltd to settle the matter as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 16 May 2023.

If Mr S accepts this decision then Revolut should settle the matter within 28 days of receiving notification of Mr S's acceptance.

Ruth Hersey
Ombudsman