

The complaint

Ms S is unhappy that Revolut Ltd has decided not to refund him after he was the victim of an authorised push payment (APP) scam.

What happened

Mr S says he found a loan provider via a social media platform. He entered into discussions with this individual who promised him a £20,000 loan if he completed some paperwork and paid a fee.

Mr S made an initial payment of £375 thinking it was required for insurance purposes before the loan could be paid. He didn't receive the loan funds despite remaining in contact with the scammers and he reported the payment as being a scam with Revolut.

Revolut made enquiries with Mr S but when he didn't provide all the information it asked for, Revolut didn't continue with its investigation into the payment.

Mr S continued to communicate with the scammer and expressed his concerns that he was being scammed. But he was eventually convinced to pay a further £300 thinking his would secure the loan. When the loan funds weren't paid into his account Mr S raised the second payment with Revolut and provided all the details enabling it to conduct an investigation into the scam.

During his conversations with Revolut, Mr S explained how the scam was impacting his well-being and mental health.

Revolut contacted the beneficiary bank, in response it was told the money had debited he account shortly after it had been credited, and before Mr S raised either dispute with Revolut. Revolut was apologetic for the situation Mr S was in, and had taken into account his personal circumstances, but said it hadn't made any error, in following Mr S's instructions when he made these payments, and it wouldn't be refunding him.

Mr S was unhappy with the response he received from Revolut and brought his complaint to our service.

One of our investigators looked into things. She didn't uphold Mr S's complaint. She didn't think the payments made as part of the scam were particularly unusual. There was no interaction with Revolut at the time the payments were made so it didn't miss out on an opportunity to identify the payments as fraudulent at the time. Although Mr S initially raised a scam complaint after the first payment, he then became unresponsive to Revolut's enquiries, so it couldn't investigate matters further. And Mr S was then not in touch again until after he made the second payment. Revolut wasn't aware, prior to the scam, that Mr S was potentially vulnerable. And although Revolut contacted the receiving bank no funds could be recovered.

Mr S wanted this complaint to be reviewed further. He said he didn't think Revolut did enough to help him recover his money and that it hadn't taken responsibility for its actions.

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 carefully considered everything I'm not upholding Mr S's complaint. I know this will come as disappointment to him and I sympathise with the situation he is in. He's been the cruel victim of a scam which has left him out of pocket and distressed by the whole situation. But my role here is to consider if Revolut is at fault. If it ought to have prevented the scam when the payments were made or if it could have done more to recover the funds after it was aware Mr S had been scammed. And I haven't found that Revolut is liable to refund Mr S for these reasons. I'll explain why below.

Ultimately it is the scammers that have caused Mr S these losses and the distress alongside that. As part of my own further enquiries with Revolut, I asked if it would consider refunding Mr S in light of his current circumstances as gesture of goodwill. But it declined to do so. Saying, although it truly sympathised with Mr S's vulnerable position its stance remained the same and that offering a goodwill gesture would be inappropriate without a formal investigation into the incident.

Should Revolut have prevented the scam in the first instance?

In broad terms, the starting position at law is that a bank, payment service provider or electronic money institution 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.

The payments from Mr S's account were authorised by him. Whilst I appreciate, he was tricked into making the payments, for the purposes of the Payment Service Regulations (PSRs) 2017, they were still authorised by Mr S. And I've explained above, Revolut had an obligation to follow Ms S's payment instructions.

However, there are circumstances where it might be appropriate for Revolut, as an electronic money institute ('EMI') to take additional steps or make additional checks before processing a payment in order to help protect its customers from the possibility of financial harm from fraud. An example of this would be payments which are sufficiently unusual or uncharacteristic when compared with the usual use of the account. In such circumstances, I'd expect Revolut, to intervene and ask some questions about the intended transaction before processing it.

I've considered whether there was anything about the circumstances surrounding the payments that could have put Revolut on notice that they were being made as part of a scam. And I don't think there was.

- Although this wasn't a new account it didn't have a long or detailed account history. But what I can tell is that Mr S made a £1,000 payment, to a new payee, in the month before the two smaller scam payments.
- The scam related payments, whilst not insignificant aren't what I would consider as unusually high in value.

- The payments are spread out and occur 20 days apart. And although Mr S initially contacted Revolut to say the first payment had been part of a scam he didn't follow this up or provide the information Revolut asked for. So, when the second payment was made 20 days later, given its value, I don't think Revolut had any reason to treat it as suspicious or needed to intervene.
- The payments were made to another UK based account and don't appear to be unusual in any other way.

In conclusion, I agree with the investigator. I don't think the transactions and account activity were so unusual that Revolut should have been concerned Mr S was at risk of financial harm. So, I don't think Revolut made an error by not intervening when Mr S made these payments.

The response from the receiving bank says the money was moved within minutes of it being received into the beneficiary account. So, I'm satisfied that Revolut couldn't have prevented Mr S's losses after he reported the scam either.

Overall, I can't say that Revolut is at fault here. So, I'm not recommending that it refund Mr S's losses.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 18 July 2023.

Sophia Smith
Ombudsman