

The complaint

Miss B complains that Revolut Ltd did not refund a series of payments she made to a scammer.

What happened

Miss B was contacted by who she thought was Her Majesty's Revenue and Customs (HMRC) but was actually a scammer who had managed to spoof the Ministry of Justice's phone number. They threatened her with prison if she did not pay taxes which they said she owed. She was also e-mailed correspondence which matched the HMRC address and the information she had been given.

They instructed Miss B to open a Revolut account, which she did. She proceeded to deposit funds and then transfer the following to the scammers:

1 December 2022	£1,531
1 December 2022	£995
1 December 2022	£470

Miss B says that soon after she made the final payment, she realised this was a scam. She felt the process to raise a scam complaint with Revolut took too long and this impacted their ability to recover her funds, of which they were only able to recover £13.27. Revolut issued a final response letter in which they explained that they had acted on Miss B's instruction and provided some warnings throughout the payment process. So, they did not agree they were at fault for processing the transactions.

Miss B referred the complaint to our service. Our Investigator looked into it and explained that Revolut is not signed up to the Contingent Reimbursement Model (CRM) code, so we can only look at whether they should have intervened prior to the payments being made. As there was no 'normal' account history to compare the scam payments to, which weren't of a high value, they did not think Revolut needed to intervene prior to the payments being made. So, they didn't agree they'd made an error.

Miss B disagreed with this. She felt Revolut had not followed the correct protocol when opening her account as she was able to do so very quickly. She was also unhappy that Revolut states international transfers can take one to three days, however hers was processed almost instantly. And she reiterated that it took too long for her to be able to report the scam to Revolut once she was aware of it.

As an informal agreement could not be reached, the complaint has been passed to me for a final decision.

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.

As the Investigator has pointed out, Revolut has not signed up to the CRM code, which is a voluntary scheme that provides increased protection for victims of these types of scams. However, Revolut still has a basic duty of care for its customers.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Broadly speaking, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account. And a customer will then be responsible for the transactions that they have authorised.

It's not in dispute here that Miss B authorised the payments as she believed they were going to a government body. So, while I recognise that Miss B didn't intend the money to go to scammers, the starting position in law is that Revolut was obliged to follow Miss B's instruction and process the payments. Because of this, Miss B is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams. So, I've also thought about whether Revolut did enough to try to keep Miss B's account safe.

I've firstly focused on the account opening, as Miss B feels Revolut opened it too quickly without carrying out the proper checks. I appreciate Miss B has questioned whether Revolut asked for her correct identification to open the account, but I can't see that it has made an error by carrying out her request. It has correctly opened the account in Miss B's name. And on balance, I can't agree it has made an error by doing so promptly and allowing her to make transactions right away. It is not unusual for an account to be used soon after being opened so I don't consider this to be suspicious.

I've gone on to consider whether the transactions were unusual or suspicious. There was no account activity prior to the transactions in question, so it is difficult for me to agree that Revolut could identify the transactions as 'out of character' for Miss B. Looking at the transactions, they are not particularly high value and though they were carried out relatively close to each other, this alone is not enough for me to agree that Revolut should have intervened before processing them. So, I don't think they have missed an opportunity to reveal the scam.

Miss B has said that Revolut's timescales for international payments is 1-3 days, so she is unhappy that the international transfers happened almost immediately. It appears that the beneficiary payment money provider for these transactions was also Revolut, so it is understandable that these transactions therefore were processed quickly. While I understand Miss B's frustration, I can't agree that Revolut processing a payment promptly is unreasonable.

Miss B has also said that it took too long for her to be able to report the scam to Revolut. I can see that she started a chat with Revolut around half an hour after the last payment. A member of staff responded just three minutes later and began asking questions about the transactions. The conversation was then passed to a specialised team member within fifteen minutes of the start of the conversation who asked for a detailed account of what had happened, which is what I would have expected them to do. With this in mind, I think Revolut was able to take on Miss B's complaint quickly and work out the best way to assist her.

Unfortunately, only £13.27 remained when they attempted to recover the funds from the beneficiary accounts. It is not unusual for a scammer to move funds out of their account very quickly in these situations. But I think Revolut acted quickly to attempt to recover funds in this case.

Having carefully considered everything available to me, I don't think Revolut could reasonably have done more in the circumstances, and I don't direct them to take any further action to remedy this complaint.

My final decision

I do not uphold Miss B's complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 28 November 2023.

Rebecca Norris
Ombudsman