

## **The complaint**

Ms C is unhappy Revolut Ltd won't reimburse her for the money she lost when she fell victim to a scam.

## **What happened**

Ms C fell victim to a safe account scam. After her details were compromised via a phishing text, Ms C was contacted by individuals claiming to be from her main bank account provider (which I'll call 'H') as well as the FCA and other institutions she banked with, including Revolut.

Ms C says she was told that her accounts were at risk and that she needed to move her money into her Revolut account and then from there on to new 'safe' accounts that were being set up in her name. Unfortunately, and unknown to her at the time, Ms C was actually speaking with fraudsters.

Believing that she was genuinely dealing with legitimate banking institutions, Ms C ended up moving significant funds from her account with H into her Revolut account. From there, Ms C made 29 payments in around five hours to the beneficiary account details provided by the scammer. In total, Ms C transferred over £64,000.

Ms C realised she had been the victim of a scam when she spoke to a friend later that day, and immediately reported the matter to Revolut to see if it could help stop the payments or recover her funds. Revolut logged the fraud and contacted the business the funds had been sent to, to see if any funds remained that could be recovered.

Ultimately though, Revolut told Ms C that it wouldn't be reimbursing her for the payments she had made from her account. Revolut explained it felt it had provided adequate warnings before allowing the payments to go through.

Unhappy, Ms C referred the matter to our service. One of our Investigators looked into the complaint. Overall, they considered that while Ms C had authorised the transfers (albeit as a result of a scam) Revolut should have done more to intervene on the second transfer – a payment of £9,800. They felt Revolut should have contacted Ms C directly, rather than relying on the written warnings it had provided. It was our Investigator's view that, had Revolut done so, it was more likely than not the scam would've unravelled, and the loss would've been prevented. Our Investigator also considered that Ms C wasn't partly to blame and shouldn't bear any responsibility for the loss.

Our Investigator recommended Revolut refund Ms K her losses from (and including) the second transfer onwards. They also recommended Revolut pay 8% interest on that amount.

Ms C accepted the Investigators findings, but Revolut disagreed. It noted that, on reviewing what had happened, it had already agreed to refund to Ms C the payments that had been made where she had not been presented with a fraud or scam warning before they were authorised. This amounted to a refund of £26,418. Revolut also confirmed that it had been

able to recover £4,888.32 from the recipient bank, and so would also be returning this amount to Ms C.

But Revolut maintained that the number – and nature – of the warnings it gave to Ms C meant that any intervention would be unlikely to have prevented the fraud. It noted that Ms C chose to disregard the warnings it gave, and did not answer some of the automated questions she was asked honestly. Revolut therefore believes Ms C would also have been dishonest if it had called her. So it considered it wouldn't have been able to prevent Ms C from making the payments. It also felt Ms C could have done more herself to help prevent the scam, so it maintained that the refunds already offered were appropriate, and did not agree to refund anything further.

As no agreement could be reached, the case has now been passed to me for a 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.

Having done so I've reached the same conclusions as our Investigator, and for the same reasons.

It's not disputed that Ms C authorised the payments that are in dispute here. So as per the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means Ms C is responsible for them. That remains the case even though Ms C was the unfortunate victim of a scam.

However, taking into account the law, regulators' rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Revolut should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which payment service providers are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

Taking the above into consideration, I need to decide whether Revolut acted fairly and reasonably in its dealings with Ms C, or whether it should have done more than it did.

Revolut did identify the first transfer Ms C attempted to make as part of this scam as potentially high risk, this was a payment for £100 to a new payee. Revolut required Ms C to answer some questions about the payment before it could be authorised, but Ms C declined to answer the questions and instead the payment was cancelled. Ms C then attempted to make a payment again, for £95 this time, and was again asked some questions about the payment. Ms C chose the payment purpose as 'something else' – even though payment to a

safe account was an available option – and proceeded with the payment. At this stage, and given the relatively small value of the payment, I don't consider that Revolut had acted inappropriately. The payment wasn't that out of character with Ms C's usual account usage, and her answers to the warning questions wouldn't have caused Revolut any concern.

But only three minutes later, Ms C made another payment of £9,800 to the same new payee, and I think this should have flagged as potentially suspicious to Revolut. This amount was far in excess of any payments Ms C had made before, and so was very out of character for her account. But it doesn't appear that any scam warning was given about this payment. I acknowledge that it was to a payee that Ms C had paid before – albeit only minutes earlier – but I am also mindful that a common theme to safe account scams is that a scammer tries to gain as much money from their victims in as short a time as possible. So where there are multiple payments or transfers made in quick succession, it is a possible indication that the customer could be at risk of financial harm.

I've noted all that Revolut has said about the warnings Ms C received, both the specific scam warnings and the more general warnings that she was making payments to accounts where the name did not match what she had detailed on the payment. But I'm mindful that Ms C was in a highly pressured situation, believed that she was talking to her genuine bank, and believed that the FCA, Revolut, and other institutions she banked with were aware of the risk to her. So I can understand why the mis-match of account names and the general warnings she received wouldn't have necessarily broken the spell for her.

I also acknowledge that the answers Ms C gave to the automated scam questions she was asked were not accurate, but she was being guided through these payments by an individual that she trusted, and was under enormous pressure at the time. She's told us that she was told by the scammers that it didn't matter that she was ignoring the warnings as they would nonetheless ensure her money was safe and that it would be returned to her. The kind of warnings that Revolut gave here were unlikely to have the required impact on Ms C given the level that she was being manipulated and guided by the scammers, and her very real fear that her money would be at risk if she didn't do what they said.

I think direct contact – by phone or via the chat function in app – with Ms C would likely have made the difference here. I appreciate that Revolut did attempt to make contact with Ms C via the app, but that wasn't until much later in the series of suspicious payments, and it doesn't appear that Ms C's failure to engage with Revolut meant that her account was frozen (or other similar action taken to prevent further payments).

I've thought carefully about what would've happened had Revolut insisted on direct contact with Ms C before processing any further payments. There's obviously a balance to strike, but Revolut ought fairly and reasonably to have satisfied itself that Ms C hadn't fallen victim to a scam, and I'm persuaded it could've done this by asking a few open-ended questions – rather than the closed questions asked by the automated systems – of Ms C prior to processing any further payments.

Ms C doesn't appear to have been given a cover story to use by the scammer, and had only been guided through the payment journey and what payment purpose to select and why. She also doesn't appear to have been told that Revolut was in any way involved in the fraud she thought was being perpetrated on her accounts. So I disagree that she wouldn't have been truthful in any direct communication with Revolut. I think had Revolut contacted Ms C to ask for some information about what she was doing, she would likely have explained what was happening or otherwise have given some indication that all was not as it should be. Revolut could also have used that opportunity to explain the most common types of scams in more detail to Ms C.

If that had happened, I consider it likely that the spell of the scam would have been broken and that Ms C wouldn't have proceeded with the payments. So I think Revolut could have prevented the losses Ms C incurred from the second payment onwards.

In reaching my conclusions about what is fair and reasonable in this case, I have also considered whether Ms C should bear some responsibility for her loss. Ms C has provided evidence of the texts and calls she received that appeared to be from her bank, other financial institutions she banked with, and the FCA. Some of the texts appeared in the existing text chains she'd had with the legitimate businesses, and it appears that H and Revolut's phone numbers had been spoofed by the scammers, so calls appeared to be coming from those legitimate firms. I think I must also bear in mind that Ms C is fairly new to the country, and so less familiar with our banking system than others might be, she was therefore particularly vulnerable to this kind of scam.

Given this background, and the enormous pressure Ms C was under to do what she was told by the scammers to 'keep her money safe', I can see why she took the actions she did. So I don't think she was partly to blame for what happened. It follows that I don't consider it fair to say Ms C should bear responsibility for some of the loss here.

So, in summary, I consider when Ms C made the second transfer, Revolut could have done more to protect her from the risk of financial harm. Had Revolut contacted Ms C directly and asked some open questions about what was happening, I'm persuaded it is more likely than not the scam would have come to light, and Ms C wouldn't have lost out on the £64,171 she ended up transferring.

The money Ms C lost originated from her current account held at H. So as she has been deprived of the use of this money for day to day spending, I think it is fair that in addition to refunding the payments that have not yet been returned to her, Revolut pay interest on that amount at 8%.

### **Putting things right**

To resolve this complaint Revolut should:

- Refund the £64,171 (less any sums that have already been refunded, or that have been recovered and subsequently returned to Ms C).
- Pay 8% simple interest per annum on this amount, calculated from 16 August 2022 until this complaint is settled.

### **My final decision**

I uphold this complaint. Revolut Ltd should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 19 October 2023.

Sophie Mitchell  
**Ombudsman**