

The complaint

Mr K complains that Revolut Ltd won't refund money he lost, after he fell victim to an Authorised Push Payment (APP) scam.

What happened

The background to this complaint is well-known to both parties, so I won't repeat it all here, But briefly, and based on the submissions of both parties, I understand it to be as follows.

In February 2022, Mr K was contacted by somebody claiming to be from a bank that Mr K holds another account with. The caller told Mr K that there was fraudulent activity on his account, but that he would help protect him from the malicious activity and put him in a safe position. But unknown to him at the time, Mr K was dealing with a fraudster. The fraudster told Mr K he needed to move money he held with his other bank to a safe account and that he had to send it to an account with Revolut.

Mr K followed the fraudsters instructions and has further said the fraudster instructed him to download an application that enabled the fraudster to have remote access to his device. Mr K has said money was taken from his Revolut account and the call cut off when all of the money had gone. Mr K has said he only realised he'd been scammed, when he downloaded the Revolut app, which he says had been deleted from his phone as part of the scam, and saw the money had gone. Mr K added that the fraudster had also taken cryptocurrency that he had bought.

The following two transfers were made from Mr K's Revolut account to accounts that the fraudsters controlled;

25/2/2022 @ 16:46	£739
25/2/2022 @ 16:56	£958

Mr K has said he tried to contact Revolut straight away to report the scam, but he couldn't get in contact with Revolut as he says its system wasn't working. Mr K was able to raise the matter with Revolut the following day, via its online chat function.

Mr K raised a complaint with Revolut, as he said the response and reaction time from it was too slow and it was within that time the fraudster disappeared and this was why Revolut was unable to trace the money he had lost. He added that he thought Revolut should have noticed that something unusual was happening on his account.

Revolut looked into Mr K's complaint, but didn't uphold it. In summary it said it was sorry to hear of the events that had happened to Mr K. It added that it had tried to recover the money lost from the beneficiary bank (the bank to which the payments were made), but unfortunately no funds remained. It said that it didn't think it should be liable for the transfers, this was because it said it had warned Mr K about the risk and that there was no way of it identifying whether the transfers were out of character.

Unhappy with Revolut's response, Mr K brought his complaint to our service and one of our Investigator's looked into things, but she didn't think the complaint should be upheld. In summary, she concluded the payments made were authorised transactions. This was because there was only one device registered to Mr K's account and it was registered by the same IP address as used to open the account. So it was unclear how someone could have accessed the device to carry out the transactions without Mr K's knowledge.

The Investigator added that she thought the intervention Revolut did make was proportionate and overall she didn't think she could fairly and reasonably ask Revolut to refund the loss incurred. Our Investigator considered Revolut's attempts to recover the money and said that even if Mr K had been able to report the scam sooner it wouldn't have made a difference, as the money had been moved from the beneficiary bank soon after he had made the payments.

As Mr K didn't agree with our Investigator's opinion, his complaint has 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.

I'm very aware that I've summarised this complaint briefly. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I'm sorry to hear Mr K was the victim of a scam and I can understand why he wants to do all he can to recover the money he lost. But I can only direct Revolut to refund Mr K's losses if it can fairly and reasonably be held responsible for them.

I've seen in his submissions to us that Mr K has referred to other cases. But I would point out that, while on the surface complaints may seem quite similar, each complaint is determined by its own individual circumstances. Here, as I'm required to do, I've looked solely at the individual circumstances of Mr K's complaint.

Mr K has said he only saw the money had gone from his Revolut account, once he'd downloaded the Revolut app, which he's said had been deleted as part of the fraud. I've thought about this carefully and I agree with our Investigator's view on this point. Whilst we now know the account Mr K sent his funds to was controlled by a fraudster, I think it's more likely than not Mr K knew the payments were being made. I say that because the technical evidence from the bank indicates Mr K's registered device was used to carry out the transactions and importantly, Mr K has said the fraudster had told him his funds needed to be moved to a safer account, so I think it more likely than not he was aware of what he thought was a need for the transfers to be made, in order to protect his money. Where I find Mr K authorised the transactions, it means that Revolut were obliged to follow his instructions.

But, taking into account the law, regulatory rules and guidance, relevant codes of practice and good industry standards, 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 customer from the possibility of financial harm from fraud. For example, if a customer made a payment request for an

amount that was out of character given the normal use of an account, I'd expect Revolut to intervene and ask questions about the intended transaction before processing it and provide a suitable warning.

Revolut has a difficult balance to strike in how it configures its systems to detect unusual activity or activity that might otherwise indicate a higher than usual risk of fraud. There is a delicate balance to be struck. There are many millions of payments made each day and it would not be possible or reasonable to expect a bank to check each one. And, in situations where Revolut do intervene, I would expect that intervention to be proportionate to the circumstances of the payment.

In this case, I don't consider Revolut acted unfairly or unreasonably in allowing the payments to be made. Revolut did provide warnings to Mr K at the point he was making the payments. Given the individual circumstances of this case, I think that was a proportionate intervention, and I'm not persuaded Revolut needed to do anything more.

I'm mindful here that, as part of the fraud, Mr K's Revolut account was closed and re-opened. But even when considering this I think the steps Revolut took were proportionate, when considering the transfers that were being made. I don't think, with what it knew, Revolut could fairly or reasonably have been able to foresee that Mr K may have been about to fall victim to a scam, to the extent where I think its intervention ought to have gone further than it did.

Mr K has explained that he was unable to raise the scam with Revolut straight away as its systems weren't working. But from the evidence I've seen, I don't think it would have made a difference even if Mr K had been able to raise the matter sooner than he did. I say that because the information I've seen from the beneficiary bank shows that within 45 minutes of the transfers being made, the funds had already been moved on again. It is quite typical with these types of scams for fraudsters to move money away from the beneficiary account, straight after the payments are made, presumably to frustrate the efforts of the money being recovered. So, I can't fairly or reasonably say that there was an opportunity missed for the money Mr K sadly lost to be recovered.

It's very unfortunate Mr K has lost this money in this way, and I understand the whole experience has been deeply upsetting and I have a great deal of sympathy for him. But in the circumstances, I don't think I can fairly or reasonably say Revolut should have done more to prevent Mr K from losing this money.

My final decision

My final decision is that I don't uphold this complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 22 June 2023.

Stephen Wise
Ombudsman