

The complaint

Miss O complains that Revolut Ltd won't refund money she lost, after she fell victim to an Authorised Push Payment (APP) scam. In making her complaint Miss O is represented, but for ease I'll refer to Miss O throughout this decision.

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 January 2022, Miss O was contacted by somebody claiming to be from the Ministry of Justice (MOJ). The caller told Miss O that there was an arrest warrant out in her name and she needed to make payments to avoid imprisonment. Miss O said she checked the number she was being called from online and saw that it was the MOJ's number, which convinced her the call was genuine.

Believing she was talking to the MOJ and fearful of not following their instructions Miss O went ahead and made the payments listed below. She had been told that the payments would be 'pending' and the transactions were just being made to prove that she had the available funds to pay the money she was told she 'owed'. But unknown to her at the time, Miss O was speaking to a fraudster and she'd sent the money to an account the fraudsters controlled;

24 January 2022 @ 10:14	£1,971.11
24 January 2022 @ 10:54	£1,675.00

Miss O has said she became suspicious when, after she had told the fraudsters she didn't have any more money to send, they became aggressive and less professional. Following which the call ended.

Miss O contacted Revolut through its in-app chat. Revolut looked into Miss O's complaint but didn't uphold it. In summary, it said it had acted on best practice and was not liable for the transfers. It added that it had contacted the beneficiary bank (the bank to which the money was sent) to try and recover the money, but unfortunately no funds remained.

Unhappy with Revolut's response, Miss O brought her 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 said that while the payments Miss O made were larger than payments she'd made previously, she didn't think Revolut should have done more than it did.

As Miss O didn't agree with our Investigator's opinion, her 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 sorry to hear Miss O was the victim of a scam and I can understand why she wants to do all she can to recover the money she lost. But I can only direct Revolut to refund Miss O's losses if it can fairly and reasonably be held responsible for them.

It is the case that Miss O authorised all the transfers in dispute. And under the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means Miss O is responsible for them. That remains the case even though Miss O was the unfortunate victim of a scam.

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.

I can see that the payments Miss O has made were higher than other payments she'd made in the lead up to the scam. I've no doubt that the combined value of this fraud is significant to Miss O. But as I've mentioned, payment providers process a large number of transactions every day and it's also reasonable to assume that a customer may occasionally make higher value payments on their accounts. I'm mindful here that the second payment was for less than the first, which can, but of course not always, be less of an indication of a fraud.

While I recognise it is finely balanced, I don't consider Revolut acted unfairly or unreasonably in allowing the payments to be made. From the evidence provided I can see that Revolut did provide Miss O with some online warnings before allowing the payments to be progressed. All things considered I think that Revolut did enough in providing these warnings to Miss O when she made the payments. I think these were proportionate interventions, given the individual circumstances of this case, and I'm not persuaded Revolut needed to do anything more.

I'm also satisfied Revolut acted reasonably in attempting to recover Miss O's funds, but that unfortunately it wasn't able to recover any of the money she sadly lost. Here the funds were initially sent to another account held with Revolut, but then moved immediately from there. I've seen that Revolut did follow the trail to the second generation bank, but wasn't successful in recovering any of the money. 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 at this type of recovery. Sadly, that was the case here.

It's very unfortunate Miss O 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 her. But in the circumstances, I don't think I can fairly or reasonably say Revolut should have done more to prevent Miss O from losing this money.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 14 July 2023.

Stephen Wise
Ombudsman