

The complaint

Mr C 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

The background to this complaint is well-known to all parties and so I will not repeat this in detail here. In summary, Mr C found a camera he wished to buy via a known marketplace. After exchanging messages with the seller, Mr C agreed to purchase the camera at the price of €980. He also agreed to pay €3 for delivery. Mr C was provided with the details to make the total payment of €983 which he proceeded to make from his Revolut account on 20 December 2021.

Mr C says the seller told him he’d be sent through the shipping code. However, after making the payment the shipping code wasn’t received and Mr C didn’t receive a reply from the seller. On the same day, Mr C got in touch with Revolut, via its in-app chat function to raise the matter and report the scam.

Having looked into things, Revolut informed Mr C on 23 December 2021 that it wouldn’t be providing a refund of the payment. Revolut said that its protections were present and that it provided adequate warnings before the payment was authorised.

Mr C remained unhappy and so complained to Revolut. Revolut looked into Mr C’s complaint and issued its final response letter in May 2022. It reiterated that it wouldn’t be refunding him in this instance. It explained that Mr C was given a warning at the time he made the payment – which asked him to confirm that he trusted the beneficiary and, at the same time was informed that he could potentially be the victim of fraud. It said Mr C confirmed he trusted the beneficiary and he proceeded to make the payment. Revolut says it attempted to recover the funds and reached out to the beneficiary institution but unfortunately no funds were recovered.

Unhappy with this outcome Mr C brought his complaint to our service.

One of our Investigators looked into things, but she didn’t think the complaint ought to be upheld. She didn’t think the payment was particularly unusual or suspicious in appearance to prompt further intervention from Revolut. Our Investigator thought Revolut had done enough in presenting warnings when the payment was made and that this was a proportionate intervention. She was satisfied Revolut had made a reasonable effort to contact the receiving firm and she thought that even if Revolut had made contact sooner than it did, this wouldn’t have made a difference in this case. This was because Mr C made an international payment, and the receiving firm didn’t respond to Revolut’s recovery attempts. While she recognised Mr C’s unhappiness with the service he received and that this will have caused him frustration, she didn’t think any poor service meant that a full refund should be provided of the scam loss and, she also didn’t think Revolut needed to pay any compensation.

Mr C didn’t accept that outcome and so 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.

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

Where Mr C authorised the transaction, it means that Revolut was obliged to follow his instructions.

But, taking into account the law, regulatory rules and guidance, relevant codes of practice and where appropriate, what I consider to be good industry practice at the time, 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 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 payment to be made. Revolut did recognise the payment was unusual for Mr C, in comparison to how he typically ran his account. In view of this it provided a warning to Mr C at the point he was making the payment. And all things considered, I think that Revolut did enough in providing a warning to Mr C when he made the payment. I think that was a proportionate intervention, given the individual circumstances of this case, and I'm not persuaded Revolut needed to do anything more.

I've then gone on to consider whether I think Revolut did what it ought to have done in attempting to recover Mr C's funds. In this case, I think Revolut ought to have acted more promptly than it did, however, I don't think any delay would've made a difference to the recovery of the funds. I recognise Mr C feels a more expedited and persistent attempt to reach out to the receiving firm could've made a difference in his case but I'm afraid I don't agree. I say this because, I can see Revolut reached out to the receiving firm in an attempt to recovery the funds but received no response. I'm also mindful that our Investigator contacted the receiving firm but also didn't receive a response. Overall, I don't think there was a realistic prospect of a successful recovery.

I've also thought carefully about Mr C's unhappiness with the service he received from Revolut. I can see he has expressed how this issue has impacted his well-being. In particular, Mr C has raised frustration caused by having to repeat the circumstances due to multiple agents handling the matter. And Mr C believes that there is room for improvement in Revolut's customer service procedures to minimise such inconveniences for customers who unfortunately find themselves in a situation like his. I'd like to assure Mr C that I've taken everything he's said into account. Ultimately, the distress was caused by the fraudster rather than Revolut.

This said, I take Mr C's personal views and feelings about the service he received from Revolut into account. As Mr C is aware from our Investigator, it is not within this service's remit to tell a business how its processes and procedures should operate. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct Revolut to make changes to its policies and procedures, if necessary.

In any event, even if I were to consider that Revolut could've provided a better customer service at points, overall, I don't find that any poor service would've changed the outcome of the overall complaint here. And I'm persuaded that Revolut didn't make an error in its overall consideration of Mr C's losses. So, it follows that I'm not making any compensation award.

It is very unfortunate Mr C 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 C from losing his money.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 23 April 2024.

Staci Rowland
Ombudsman