

The complaint

Miss K complains that Revolut Ltd won't refund several payments she says she made and lost to a scam.

What happened

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

Miss K complains that on 21 August 2024 she made seven payments from her Revolut account to what she thought was another account set up in her name.

Payment 1	21 August 2023	£250.00
Payment 2	21 August 2023	£250 - Refunded
Payment 3	21 August 2023	£300.00
Payment 4	21 August 2023	£500.00
Payment 5	21 August 2023	£400.00
	Total	£1,450

Miss K says she was contacted by someone who said she was being investigated for various offences and needed to move her money to a safe account.

Miss K sent various payments from other bank accounts as well as the above.

When Miss K realised, she'd been scammed, she logged a complaint with Revolut.

Revolut looked into the complaint but didn't uphold it. It didn't think it had done anything wrong by allowing the payments to go through. So, Miss K brought her complaint to our service.

Our investigator looked into the complaint but didn't uphold it. Our investigator didn't find the payments were of a value that should've triggered Revolut's automatic fraud prevention systems.

As Miss K didn't agree with the investigator's view, the complaint's 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.

Having done so, I've come to the same outcome as the investigator for largely the same reasons. I'll explain why.

I'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. 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.

In broad terms, the starting position at law is that an Electronic Money Institution ("EMI") such as Revolut is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

But, taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable in August 2023 that Revolut should:

- have been monitoring accounts and any payments made or received to counter various risks, including 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 firms are generally more familiar with than the average customer;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – (as in practice Revolut sometimes does including in relation to card payments);
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

But here, having considered the amount of money sent to the scammer, I agree with the investigator when she said that these payments wouldn't look sufficiently out of character given their size and wouldn't have triggered Revolut's payment checking process.

Payments 3 to 5 were card payments to a crypto-related merchant. Since 1 January 2023 I'd expect Revolut to have attached greater risk to crypto-related payments like this but still, given that not all crypto-related payments are made as a result of a scam, and given the amount these payments were for, this still doesn't persuade me that Revolut reasonably ought to have been expected to have intervened.

I think it's important to highlight that there are many payments made by customers each day and it's not reasonable to expect the an EMI to stop and check every payment instruction to try to prevent fraud or financial harm. There's a balance to be struck between the extent it intervenes in payments to protect customers and not unnecessarily disrupting legitimate payment instructions.

I've also checked the official organisations that publish warnings about merchants that operate in the UK and abroad, to check if there were any warnings about who Miss K paid that ought to have triggered Revolut's fraud prevention systems. I've searched the Investor Alerts Portal of the International Organization of Securities Commissions ("IOSCO"), the international body that brings together the world's securities regulators. And the FCA (as the UK regulator) also has its own warning list, which is in place to share alerts and insight about merchants that have been identified as potentially being fraudulent or at risk of scamming individuals.

There were no such warnings about the merchant Miss K paid. So, this is another reason why I don't think the payments ought to have been automatically stopped or triggered any warnings by Revolut.

Recovery

After the payments were made, I couldn't reasonably expect Revolut to have done anything further until Miss K told Revolut that she had been scammed.

After the debit card payments were made, the only potential avenue for recovery of these payments (irrespective of whether they showed as pending still or not) would have been through the chargeback scheme. The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. Revolut is bound by the card scheme provider's chargeback rules. Whilst there is no 'right' to a chargeback, I generally consider it to be good practice that a chargeback be raised if there is a reasonable chance of it succeeding. But a chargeback can only be made within the scheme rules, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. Time limits also apply. Unfortunately, the chargeback rules don't cover scams.

In the circumstances of this complaint, I'm satisfied that a claim would've unlikely been successful. Miss K paid a legitimate crypto exchange, and a service would have been provided by the crypto exchange. Miss K's disagreement is with the scammer, not the crypto exchange. And so, it would not have been possible for Revolut to process a chargeback claim against the scammer as Miss did not pay them directly.

So, I don't think Miss K had any reasonable prospect of success if Revolut were to have processed chargeback claims against the crypto exchange. So, I can't say that Revolut acted unfairly when it considered Miss K's chargeback claim.

I've considered that payments 1 and 2 were transfers, not card payments, sent to personal accounts. But payment 2 was already refunded to Miss K on the day of the scam (a refund which I understand Miss K told Revolut was initiated by the scammer presumably to provide some sort of reassurance to Miss K to further the scam). And when Miss K reported the scam to Revolut the next day, Revolut tried to recover payment 1 from the beneficiary bank but unfortunately wasn't able to, which in the circumstances of this case unfortunately I don't find surprising, given that successful recovery of the funds not able depends on co-operation from the beneficiary bank but is also often prevented by the prevalence of the funds being spent from the recipient account quickly enough to prevent recovery of the funds when the scam is realised. I'm satisfied there's nothing more that Revolut can do in these circumstances.

Miss K feels that Revolut should refund the money he lost due to the scam. I understand that this will have been frustrating for him. But I've thought carefully about everything that has happened, and with all the circumstances of this complaint in mind I don't think Revolut needs to pay Miss K any compensation. I realise this means Miss K is out of pocket and I'm

really sorry he's lost this money. However, for the reasons I've explained, I don't think I can reasonably uphold this complaint.

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 K to accept or reject my decision before 04 December 2024.

Tom Wagstaff
Ombudsman