

The complaint

Mr I is unhappy that Revolut Ltd will not refund the money he lost as the result of an authorised push payment (APP) scam.

Mr I's complaint has been brought by a representative, for simplicity I will refer solely to Mr I in this decision, even when referencing what his representatives have said on his behalf.

What happened

The details of this complaint are well known to both parties, so I won't repeat them in full here. In summary, Mr I paid £18,520.60 in a number of faster payments between 6 October and 31 October 2022 to a mortgage broker that had been recommended to him by someone he knew. He was trying to purchase a property and was sent various documents that suggested the purchase and mortgage application were proceeding normally.

In early 2023, when he was unable to make any contact with the mortgage broker, he realised he had been scammed and contacted Revolut.

Revolut took steps to try and recover Mr I's money but was unable to do so, and it didn't agree that it was liable for his loss. It said it had provided appropriate warnings and that, even if it had intervened, there would have been nothing to suggest that Mr I was at risk of financial harm given that he genuinely believed he was dealing with a legitimate mortgage broker.

Mr I was unhappy with Revolut's response, and so he referred his complaint to our service.

Our investigator did not uphold Mr I's complaint. They explained that while they thought the bank ought to have intervened at the time of the ninth transaction, they did not think the scam would have been prevented had it done so. They said this was because a proportionate level of questioning likely would not have revealed the scam given the large volume of evidence Mr I had seen that suggested he was dealing with a legitimate mortgage broker and that his property purchase and mortgage application were progressing.

Unhappy with this assessment, Mr I asked for an ombudsman's review. In summary, he said it was most likely a reasonable level of intervention from the bank would have revealed the scam. Specifically, he said payments were being made to both a business account and a personal account belonging to the broker, and this should have rung alarm bells for Revolut.

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

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 conclusion as our Investigator, and for largely the same reasons.

It's not disputed that Mr I authorised the payments that are the subject of this complaint. So as per the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means Mr I is responsible for them. That remains the case even though Mr I 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 Mr I, or whether it should have done more than it did.

I agree with the Investigator's finding that by the time of the ninth payment a pattern was emerging that could potentially be considered to be an indication of potential fraud. So it is arguable that Revolut should have intervened at this stage to ask some open questions of Mr I to ensure he wasn't at risk of financial harm. In such circumstances what I need to decide is, on balance, would an intervention from the bank at this time have prevented the scam from succeeding.

And, having thought carefully, I think it is more likely Mr I would not have said anything to cause Revolut concern. Nor do I think that any of the usual scam warnings Revolut might have given would have flagged to Mr I that something might be wrong. I say this as Mr I had seen evidence to suggest that he was dealing with a legitimate regulated mortgage broker – at the time of the disputed payments they were registered as such with the Financial Conduct Authority – and had received significant paperwork which appeared to demonstrate that they were carrying out the work Mr I was paying them to do. In these circumstances, even if Revolut had scrutinised the context of the payments beyond the extent that I see to be proportionate, I don't think the scam would have been uncovered.

I know Mr I disagrees and argues that had the bank carried out a reasonable intervention the scam would have come to light when it saw that he was paying a personal account rather than a business account. But I don't agree this would have been enough to indicate that a scam was in progress, particularly given the overwhelming evidence that the individual Mr I was paying was an FCA registered mortgage broker.

We cannot know with certainty what result any intervention would have yielded, but in this case Mr I had:

- Been recommended the broker by someone he knew;

- had met them in person;
- had seen that they were regulated by the FCA; and
- had been given significant paperwork that appeared to demonstrate that they were doing the work they were being paid for.

With all of this in mind I cannot fairly conclude a proportionate intervention from the bank would have broken the spell of the scam.

I have then thought about whether Revolut did everything it should to try to recover Mr I's money once he told it he had been scammed. I'm satisfied that Revolut did contact the receiving banks within a reasonable timeframe, but as this was several months after the payments were made, no funds remained. I don't find there is anything Revolut could practically have done to recover the money by then.

So, in summary, I'm sorry Mr I lost a considerable amount of money and I accept that Mr I has fallen victim to a cruel scam. But I can only consider whether Revolut should be held responsible for what happened. For the reasons set out above I do not find Revolut can be held liable for Mr I's loss in the circumstances of this case.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 29 February 2024.

Sophie Mitchell
Ombudsman