

The complaint

Mr W complains that Revolut Ltd won't refund the money he lost when he was the victim of a scam.

What happened

In September 2023, Mr W received a phone call from someone who said they worked for another bank he had an account with. They said his account with this other bank had been compromised and so he needed to move his money to a safe place. And they said they had opened an account for him with Revolut and gave him the account details so he could transfer his money to it – which Mr W did.

Mr W says the caller then told him to download the Revolut app and gave him the details to log-in to his account. But when Mr W logged in, he saw that the money he had transferred in had been transferred out of the Revolut account again. And as he says he hadn't agreed to this, he hung up the phone and reported the payments to Revolut as unauthorised.

I've set out the payments made out of Mr W's Revolut account below:

Date	Amount
23 September 2023	£500
23 September 2023	£2,000
23 September 2023	£500

Revolut investigated but said Mr W had authorised the payments through its app and it didn't find any evidence of fraudulent activity on his account. So it didn't agree to refund the payments. Mr W wasn't satisfied with Revolut's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They thought it was likely Mr W had authorised the payments, and they didn't think Revolut should have flagged the payments as potentially fraudulent. So they didn't think Revolut should have to refund the payments. Mr W disagreed with our investigator, so the complaint has been passed to me.

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.

Did Mr W authorise the payments out of his Revolut account?

Mr W has said the caller didn't mention moving any money out of the Revolut account, and he didn't request or authorise any of the payments that were made out of the Revolut account.

Generally a business can hold a customer liable for disputed transactions on their account if the evidence suggests it's more likely than not that the customer authorised the payments – for example, by making them themselves or telling someone else they could make them.

Deciding whether a customer has authorised payments is a two-part test. Firstly the payments must be authenticated, and secondly, the customer must have consented to the payments being made. And this doesn't necessarily require proving that the customer made the payments themselves, as it is possible for a customer to consent to someone else making payments on their account.

Revolut has sent us evidence which shows all three payments were made using the card details attached to Mr W's account. This means the payments were all correctly authenticated, and so I must also think about whether the evidence suggests it's more likely than not that Mr W consented to all of the payments.

I've thought very carefully about this and I think it's a finely balanced matter in this case. But where the evidence available is unclear or inconclusive, I must make my decision on what I think is likely to have happened, based on the evidence I do have.

Mr W says he didn't request or authorise any payments out of the Revolut account and that all the payments had been made before he logged in to the Revolut app. But Revolut's evidence shows each of the three payments was authorised with a message sent through its app which was replied to, confirming the payments. And that only one device has ever been used in connection with Mr W's account.

So as Mr W logged into the Revolut app himself when he says he saw the payments had been made, and only one device has ever been used in connection with his account, the device used to reply to the messages to authorise the payments must be the same device he used to log in. And as Mr W hasn't suggested that the caller had access to or control over his device at any point, I think it's likely he did see these messages and so did authorise the payments.

And so I think Revolut had acted reasonably in treating these payments as authorised.

Did Revolut do enough to protect Mr W?

While I think Revolut has acted reasonably in treating the payments as authorised, where a customer makes a payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the account provider to reimburse the customer – even though they authorised the payments.

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 September 2023 that Revolut should:

- 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 banks 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.

So I've also considered whether Revolut should have identified that Mr W was potentially at risk of fraud as a result of these payments and intervened to protect him.

But the payments made out of Mr W's account weren't for what I'd consider to be particularly large amounts, or for amounts where I'd have expected Revolut to identify them as suspicious based on their size alone. The account had only been opened recently, and so there wasn't significant period of previous account activity to compare then payments to when assessing whether they were unusual or out of character. And the purpose given for the account when it was opened was 'transfers', so the payments weren't out of line with how Revolut was told the account would be used.

And so I wouldn't have expected Revolut to identify that Mr W could be at risk of financial harm as a result of any of these payments, and I don't think it's unreasonable that it didn't take any further steps or carry out any additional checks before allowing them to go through.

Mr W has argued that Revolut's account opening and card issuing processes failed to protect him from the scammers. But I haven't seen anything to suggest Revolut failed to correctly follow its account opening procedures or carry out checks to verify the identity of the named account holder, in line with its regulatory obligations. Or that it made any other error in relation to the opening of the account. And, in any event, as I think it's likely Mr W authorised the payments, I don't think any issues with the opening of the account or the issuing of the card affected the payments being made.

I sympathise with the position Mr W has found himself in. He has been the victim of a cruel scam and I recognise that my decision will come as a disappointment to him. But I can only look at Revolut's responsibilities here and, for the reasons set out above, I don't think anything I would have expected Revolut to have done would have prevented the loss he suffered. So I don't think it would be fair to require Revolut to refund the payments made out of his account.

My final decision

For the reasons set out above, I don't uphold this complaint.

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

Alan Millward
Ombudsman