

The complaint

Mr C is complaining that Revolut Ltd won't refund a payment he made as part of an Authorised Push Payment (APP) scam.

The complaint is brought on his behalf by a professional representative.

What happened

The circumstances of the scam are well known to both parties so I won't describe it in detail here.

In summary, Mr C was looking to book accommodation for a holiday through a popular booking website. After corresponding with the person he believed to be the property owner, Mr C was sent a link from what he believed to be a legitimate booking website, where he booked the accommodation. He then received an email asking him to complete the payment by bank transfer to secure the booking.

On 20 December 2023 Mr C transferred 4,070 euros from his Revolut account to pay for the accommodation. Revolut said he would have received a general 'new payee' warning about whether he knew and trusted the payee, with a reminder that fraudsters can impersonate others.

After sending the payment, Mr C found that the link he'd been sent was no longer working, and he realised he'd been scammed.

Mr C reported the scam to Revolut on the same day as he sent the payment. Revolut asked him to wait to see if he had further contact from the property owner or was able to obtain a refund. Mr C asked the alleged property owner for a refund and they agreed – but he didn't receive anything. On 27 December 2023 he contacted Revolut again about the scam. Revolut attempted to recover the payment but they were unsuccessful in doing so.

Mr C complained to Revolut, and then to us. Our investigator didn't uphold Mr C's complaint. She said, in summary, that she didn't think the payment Mr C made to the scam was so unusual or out of character that Revolut should have intervened. And she thought Revolut did what they should have to try and recover the payment once the scam had been reported.

Mr C's representative didn't agree. It said, in summary:

- the payment was much larger than any other payments from Mr C's account;
- the payment was made using a rarely-used method of payment for the account and was to a new payee;
- the account activity spiked before the payment and the account was drained;
- the payment stands out as unusual; and

- this type of scam is well known to Revolut and would have been identified if they'd contacted Mr C before he made the payment.

Mr C replied separately to add that he had attempted another payment to the scam account to see if a warning was shown and it wasn't - he disputes receiving the new payee warning Revolut said he would have received when he instructed the payment.

Mr C's complaint has now been passed to me for review and 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 learn about what happened to Mr C. It appears he's been the victim of a cruel scam and so I can understand why he would think his money should be refunded. But I don't think that I can fairly say that Revolut should refund the money he lost. I'll explain why.

In broad terms, the starting position at law is that Electronic Money Institutions ("EMI's") such as Revolut are expected to process payments and withdrawals that a customer authorises them 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 December 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 their 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 their products, including the contractual terms, enabled them 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 do);
- 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.

Ultimately, I need to decide if the payment was unusual enough to have expected additional checks to be carried out before it was processed. When considering this, I've kept in mind that EMI's such as Revolut process high volumes of transactions each day, and that there is a balance to be found between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate.

Mr C had held an account with Revolut for around five years prior to the scam payment. It seems to have been used often for currency transactions or card payments abroad, so I don't think the fact this was an international transfer made in euros would have struck Revolut as particularly uncharacteristic. Having reviewed the account history, I do think that this payment was larger than the payments Mr C *typically* made from this account. But I don't think the value of the payment should have alerted Revolut that Mr C was at a heightened risk of financial harm.

Mr C moved money into the account from his savings to exchange into euros in order to make the payment, but I don't think this should have been particularly concerning to Revolut; he typically moved funds into this account from other accounts before exchanging to euros or another currency. A small balance remained after the payment, which was fairly typical of the account balance Mr C generally maintained, so again I wouldn't expect Revolut to find this particularly concerning. Mr C's representative says that he rarely made transfers and this payment was to a new payee, which are factors I'd expect Revolut take into account when deciding whether to intervene. But Revolut are able to take into account a range of factors when deciding whether to make further enquiries of Mr C about this payment. And looking at the overall circumstances of the payment here, I don't think Revolut were unreasonable not to intervene.

I appreciate that Mr C says he doesn't recall receiving a warning from Revolut. The warning Revolut say they gave was a generic warning about setting up a new payee. I think it's likely the warning was provided, as it's part of Revolut's standard process in making payments to a new payee (which would explain why Mr C didn't see it when he attempted another payment to the same payee.) But in any event, as this is a general warning and not specific to the scam Mr C was experiencing, I don't think it would have made a difference to whether he chose to go ahead with the payment.

There are industry standards around attempting recovery of funds where a scam is reported. Revolut should have attempted to recover Mr C's payment immediately on being told of the scam.

Mr C reported the scam to Revolut on the same day he sent the payment. But Revolut suggested he give the property owner some more time to respond, and didn't attempt to recover the funds until seven days later, when Mr C contacted them again. The payment had been sent internationally, and the receiving bank did reply to Revolut on the same day as their recovery attempt to say the funds had been withdrawn, but they refused to provide any more information or details unless they received a request or a report from the police.

I think Revolut could have attempted recovery of the funds sooner than they did. But bearing in mind the receiving bank's response in requesting police involvement when Revolut did attempt recovery, I think it's unlikely it would have been successful if they had attempted it sooner. So, I don't think there was any reasonable prospect of Revolut successfully recovering the payment.

I know this outcome will be very disappointing for Mr C. However, for the reasons I've explained, I don't think it would be reasonable for me to ask Revolut to refund the payment he made.

My final decision

My final decision is that I'm not upholding Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 11 November 2024.

Helen Sutcliffe
Ombudsman