

## **Complaint**

Mr X is unhappy that Revolut Ltd didn't reimburse him when he fell victim to a scam.

## **Background**

In June 2023, Mr X fell victim to a scam. He received a phone call from someone who claimed to be an employee of His Majesty's Revenue and Customs (HMRC). He was told that his employer had failed to pay taxes on his behalf, and he now needed to pay the difference. Unfortunately, the person who called him wasn't a legitimate employee of HMRC, but a fraudster.

He made 2 payments of £1,497.88 and £760. Once he realised he'd fallen victim to a scam, he notified Revolut. It didn't agree to refund him. It said that it had provided him with a warning during the payment process but he'd proceeded to make the payments anyway. It also said it had done everything it could to help recover his funds from the receiving bank (i.e. the bank that operated the fraudster's account) but that these efforts were subject to specific legal requirements that applied in an overseas jurisdiction. No funds could be recovered unless those legal requirements had been met.

Mr X wasn't happy with the response he received from Revolut and so he referred his complaint to this service. It was looked at by an Investigator who didn't uphold it. The Investigator noted that Revolut needed to be on the lookout for account activity that might've suggested Mr X was at risk of fraud. However, he didn't think that risk would've been clear when he made these two payments and so he didn't think it had done anything wrong by processing them.

Mr X was unhappy with the Investigator's view and so the complaint has been passed to me to consider and come to a final decision.

## **Findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. It's common ground here that Mr X authorised the payments in question and so, at first instance, he is presumed liable for them.

However, that isn't the end of the story. Good industry practice required that Revolut be on the lookout for payments that were out of character or unusual to the extent that they might have indicated a fraud risk. Where it does have grounds to be concerned about a payment, I think it should reasonably take steps to warn its customer about the risk of proceeding. Where the risk is particularly clear, I might expect it to temporarily pause the payment and make enquiries with the customer to satisfy itself that he wasn't at risk of fraud. Whether a warning should be provided (and, if it should, the nature and extent of that warning) should

be proportionate to the risk the payment presents and strike a balance between trying to protect customers and not unduly inconveniencing them. I must also take into account that applying significant friction to all payments would be very onerous and impractical for Revolut.

It is now known with the benefit of hindsight that Mr X had been targeted by a fraudster. The question I have to consider is whether that ought to have been apparent to Revolut, given the information that was available to it at the time and whether it should therefore have taken the steps described above. Unfortunately, I'm not persuaded it would've had any reasonable basis for intervening in connection with either payment. The payments weren't large enough to have suggested that there was an increased fraud risk associated with them. It's true that they were being made to new payees. However, Revolut has to strike a balance between disrupting the payment process to protect customers from fraud and allowing legitimate payments to be made. The size of the payments is a relevant risk signifier and I think it would be impractical to expect Revolut to intervene in connection with payments like these.

I've also considered whether Revolut did everything it should've done once it became aware that Mr X had fallen victim to a scam. I can see that it immediately notified the receiving bank – i.e. the bank that operated the account belonging to the fraudster – and it was able to confirm that some funds remained in that account. However, the receiving bank is based outside of the UK and it confirmed to Revolut that, according to the rules in the jurisdiction in which it operates, it is only permitted to return funds if it's compelled to do so by a court order or a formal request made by a law enforcement agency. I recognise it's unfortunate for Mr X that this means that, if it is possible to recover his money, it won't be straightforward. Nonetheless, this isn't something within Revolut's control and so it doesn't affect the outcome of his complaint.

I don't say any of this to downplay or diminish the fact that Mr X has fallen victim to a cruel and cynical scam. I have a great deal of sympathy for him and the position he's found himself in. However, my role is limited to looking at the actions and inactions of the firm and I'm satisfied it didn't do anything wrong by processing these payments.

### **Final decision**

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr X to accept or reject my decision before 12 June 2024.

James Kimmitt  
**Ombudsman**