

The complaint

Ms H complains that Revolut Ltd won't refund money she lost when she was the victim of 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 everything sent by both parties, I understand it to be as follows.

Ms H has complained about the actions of Revolut after she fell victim to an authorised push payment (APP) scam.

In early October 2023, Ms H received a text message from a delivery company asking her to rearrange the delivery of an item. The message asked for a "redelivery fee" of £1.99 which Ms H made with her credit card from Bank A.

About a week later, Ms H received a call from Bank A (after receiving a verification code) alerting her to attempted fraud on her card.

Ms H said she believed she was initially talking to Bank A because the caller was professional, introducing themselves much the same way as they normally would. They asked her to confirm the first line of her address and postcode, along with other standard security questions. They also claimed they were from the fraud team, that the call was being recorded, and that they would not be asking her to disclose pin codes etc.

Ms H also received a text message from Bank A to confirm their identity, and the caller referenced the text message she had received about a week earlier.

Following this, Ms H had a call from someone who said they were calling from Bank B. They provided Ms H with the reference number she'd been given by Bank A and allowed her to check that the number they were calling from was legitimate. Ms H checked the number for Bank B online and it matched.

Ms H said the caller told her there had been fraud attempts meaning her account wasn't safe. She said they asked her to confirm the account balances and that they seemed to have access to her account as they could see her moving money into an account linked to her Revolut account. They explained they were going to be creating a new bank account and sort code for Ms H, but because the fraudsters had her details, the money had to go via a third-party account such as Revolut. From there, it would be transferred to an account under an alias's name, which would be linked to Ms H's account.

Ms H transferred a total of £14,600 into the alias account. Prior to making the transfer from her Revolut account to the fraudster, she said she was told that Revolut would ask her a number of fraud detection questions and that they (the fraudster) would guide her through them as the matter was urgent.

They also wanted Ms H to transfer the agreed overdrafts from her account with Bank B to Revolut, however this was stopped by Bank B. After a few failed attempts at transferring the overdraft from Bank B to Revolut, the fraudster asked Ms H to call Bank B and make the transfer via an agent but asked her to call from another line and keep their line open. It was at this point Ms H became suspicious. She said she would call back, and at that point the fraudster ended the call.

Ms H tried to contact Revolut straight away, however she said her app was showing technical difficulties. Given she had just been on the phone with the fraudster, she didn't want to use the phone to call Revolut either.

Ms H complained to Revolut as she felt they had been negligent in protecting her against a type of fraud that is very common with clear characteristics of it evident in her case. She feels Revolut's systems should have picked up the transaction as it was a large sum to a private individual and out of character for her.

While Ms H was asked a number of questions before the funds were sent, she said they were the same ones that would be asked for lower amounts too. Also, the account to which the money was transferred wasn't identified as being fraudulent. Ms H also explained that in the past, Revolut had held much smaller payments for days before releasing them, so questioned how such a large payment wasn't flagged.

Ms H also said that had she been able to contact Revolut through the app straight after the transaction was made, they could have stopped the transfer.

Revolut responded and explained that after being notified of the fraud taking place, their team asked some questions and also advised Ms H to file a police report. They also sent a request to freeze and retrieve the funds, and they did this within 24 hours of the incident being reported. Revolut explained that four days later, they received confirmation from the beneficiary bank that they hadn't been able to retrieve any of the money, and so they let Ms H know.

In relation to the time of the payment, Revolut said their systems detected the payment was being made to a new beneficiary, and so they asked Ms H if she knew and trusted them. The message said that if she was unsure, not to make the payment. As Ms H acknowledged the warning, she was free to continue with the transfer. Revolut said their systems also detected that the payment was suspicious and so put it on hold. They showed Ms H a message tailored to the payment purpose she selected, followed by educational screens regarding scams, and following these warnings, and Ms H proceeded with the payment.

Revolut concluded that they weren't at fault for processing the transfer that was authorised by Ms H, as they had acted in line with their terms and conditions. They said they had provided scam warnings and did everything they could to recover the funds.

Ms H disagreed and so brought her complaint to the Financial Ombudsman.

Our Investigator looked into everything and was of the opinion that, while it would've been reasonable for Revolut to have spoken with Ms H before processing the payment via their in-app chat, she didn't think it would have made a difference. This was because Ms H hadn't provided accurate answers to questions Revolut asked as part of their online transfer process, and as she ignore warnings that were clear and relevant to her situation – thereby allowing the payment to go through. Our investigator also felt that Revolut had done enough in trying to retrieve the funds after the transfer had been made.

Ms H disagreed and was of the view that Revolut should have intervened and asked probing, open ended questions to get to the bottom of what the payment was for as it was out of character. She maintained the warnings were not effective enough and therefore, had someone contacted her in person, Revolut would have been able to identify she was being scammed.

Our Investigator remained of the view that even if Revolut had contacted Ms H to intervene, it wouldn't have made a difference, given the answers she gave to the questions asked, along with the fact she was being coached by the scammer and told what to say.

Ms H still disagreed and so the complaint has 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 agree with the outcome reached by the Investigator. I know this will come as a disappointment to Ms H, so I want to explain why I've reached the decision I have.

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 October 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.

In this case, while I think Revolut ought to have recognised that Ms H was at heightened risk of financial harm from fraud when making the payment, I don't think any proportionate intervention would have prevented the loss. I say this because I can see that Ms H was provided with warnings at different stages of the payment journey, and each time provided Revolut with inaccurate information in order to process the payment.

It is agreed that the payment was out of character for Ms H, and Revolut recognised that the payment was being made to a new payee. Because of this, Ms H was provided with a warning asking if she knew and trusted the payee. The warning said if she wasn't sure, not to pay them.

When the transfer was then paused, Ms H was asked to provide the purpose of the payment. She selected 'something else' and said it was for construction on her home which wasn't the real reason for the payment. Further on, Ms H was asked whether someone was guiding her through the process and telling her what option to select as they could be a scammer, and Ms H said no, that she was selecting the payment on her own accord. Then, when asked whether she had been told that her account was not safe, Ms H told Revolut that she had not been told this, when in fact that is exactly what she had been told by the scammer.

Further warnings were then provided, one of which specifically asked whether Ms H had been told her account wasn't safe. But Ms H went through all warnings and proceeded to make the payment.

Given the payment was held by Revolut, additional warnings were provided along with educational screens regarding scams, I am not convinced that any further intervention, such as a direct conversation through Revolut's in-app chat function would have led Ms H to answer any questions accurately and honestly, as she had the scammer walking her through, telling her what to say at each stage. And so, on balance, I think it's most likely she would've answered any in-app questions in a similar way to how she answered the questions as part of the online transfer process. This, in turn, would've reassured Revolut that Ms H was making the payment for legitimate purposes (that being for construction on her home).

While I appreciate Ms H was put under pressure by the scammer, as she was led to believe her funds were at risk, the information she provided Revolut prevented them from identifying she was falling victim to a safe account scam. Despite this, Revolut did provide warnings that were clear, specific, and tailored to the type of scam Ms H was falling victim. Despite this, Ms H failed to heed such warnings and proceeded with the transfer. It follows that I can't fairly and reasonably hold Revolut responsible for the Ms H's loss.

Recovery

I also need to consider whether Revolut did enough after being advised of the scam, to try and recover the funds. Revolut has shown they launched a request to freeze and retrieve the funds within 24 hours of the incident being reported to them. Unfortunately, the funds had already been removed from the scammer's account – and in less than one hour from when Ms H notified Revolut of the scam. Because of this, there wasn't any realistic prospect of Revolut recovering the funds – and a few days later the beneficiary bank confirmed that no funds remained.

It follows that I don't think Revolut is responsible for the funds not being recoverable.

Overall, while I strongly empathise with Ms H and what she has been through, I don't think Revolut is responsible for the loss she has suffered. So, while I know this will come as a disappointment to Ms H, I don't think Revolut has acted unfairly by not refunding her.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 6 March 2025.

Danielle Padden
Ombudsman