

The complaint

Ms K is seeking to recover £2,003.66 from Revolut Ltd ("Revolut"), a payment she made from her account as a result of a third-party scam in December 2023.

What happened

I'm not going to cover all the points raised in detail. The view of 16 February 2024 covered the details of Ms K's testimony. But briefly on 1 December 2023 Ms K received a call from someone purporting to be from HMRC. They told her she was under arrest but if she paid some fees it would help to sort out the situation. Ms K transferred £2,003.66 under the instruction of the scammer. She also transferred funds from her other bank account (which has been refunded).

Revolut declined to refund Ms K as if felt it provided sufficient scam warnings for the transaction and did everything it could to recover Ms K's funds.

Ms K was unhappy as her other bank had refunded her – so she bought her complaint to this service.

Our investigator did not uphold the complaint. He said Revolut provided warnings and based on what it did, he didn't feel it had missed an opportunity to identify a scam. Ms K did not agree.

As the case could not be resolved informally, it has been passed to me for a decision. I'm sorry for the length of time it has taken for Ms K's case to reach this stage and I thank both parties for their patience.

What I've decided – and why

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In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulatory rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

I'm sorry to hear Ms K was the victim of a scam and I can understand why she wants to do all she can to recover the money she has lost. She's lost money through no fault of her own. But that alone doesn't mean that Revolut must reimburse her. I can only direct Revolut to refund Ms K's loss if I'm satisfied it reasonably failed to prevent it or did something wrong where it would be fair to ask it to provide a refund.

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 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 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;
- 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.

That said, there is a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments. Whilst banks and EMIs like Revolut have obligations to be alert to fraud and scams and to act in their customers’ best interests, they can’t reasonably be involved in every transaction.

It isn’t in dispute that Ms K has fallen victim to a cruel scam here, nor that she authorised the payment she made- albeit she was tricked into doing so. Whilst we now know the circumstances which led Ms K to make the payment using her Revolut account and how her money ultimately fell into the hands of the fraudster, I am mindful that, at that time, Revolut had much less information available to it upon which to discern whether the payment presented an increased risk that Ms K might be the victim of a scam.

Revolut systems did in fact detect this payment was being made to a new beneficiary. It displayed the following message:

Do you know and trust this payee? If you’re unsure, don’t pay them, as we may not be able to help you get your money back.

Ms K acknowledged this warning to proceed further. But Revolut’s systems still detected this payment as suspicious and put the payment on hold.

It went on to ask Ms K about the purpose of the payment. It warned ‘*if you’re being scammed, the fraudster may ask you to hide the real reasons for this payment*’ and Ms K responded, ‘*I understand*’.

Revolut has confirmed that Ms K selected that she was ‘making an investment’ and so the warnings that followed were specific to investment scams. There was an option to choose

“pay taxes and law enforcement fines” which would have been a more relevant and would have provided different warnings around tax enforcement scams.

I think the level of intervention by Revolut was proportionate for the level of risk involved for this particular transaction. I say this because there is only one payment and whilst not insignificant to Ms K – it was relatively small in value. I don’t consider it to be significant enough (nor was a fraud pattern emerging) to have stood out to Revolut to the extent it should have prompted any further checks (than it did) before the payment was made.

I accept Ms K was being guided by the scammer, but Revolut can only provide warnings based on the scam risk it can reasonably identify based on the information available. So I don’t think Revolut needed to do anything further than it did when Ms K transferred the sum of £2,003.66.

At the time, Revolut wouldn’t have known Ms K was making a payment towards a scam – It’s only now, with the benefit of hindsight, that we know the payment was being made as the result of a scam.

I’ve also thought about whether Revolut could have done more to help Ms K to recover the funds once it was made aware of the scam, but I don’t think it could. The payment was made on 1 December at 12:48 and Ms K reported the scam to Revolut at 19:48. It contacted the beneficiary bank soon after. The beneficiary bank returned £14:04 but said no further funds remained. This is not unusual as scammers usually remove funds within hours. So, I don’t think Revolut could reasonably have done more to recover the funds.

While I’m very sorry about Ms K’s loss, I don’t think it was caused by a failing on Revolut’s part.

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 K to accept or reject my decision before 19 March 2025.

Kathryn Milne
Ombudsman