

The complaint

Mrs R complains that Revolut Ltd won't refund the money she lost when she fell victim to 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 the submissions of both parties, I understand it to be as follows:

On 26 September 2023 Mrs R received a call from the scammer advising she was from a recruitment company. Mrs R says she was sceptical of this and told the scammer she wasn't interested. However, the scammer continued to provide Mrs R with information, and she became intrigued.

The scammer explained that Mrs R would be required to complete 40 tasks per day and upon completing them she would be able to collect her commission, plus any profit that her account had accumulated. Mrs R was also contacted by text message by someone she thought represented the company, providing her with further information. Mrs R conducted research on the 'company' and found positive reviews. Mrs R created an account on the company website, which she says looked very professional.

Between 5 August and 5 October 2023 she sent several payments to the scammer. The transactions appeared on Mrs R's statement as follows:

Date	Type of transaction	Amount
05/08/23	Push to card	£14.36
04/09/23	Push to card	£10.36
30/09/23	Push to card	£15.14
30/09/23	Push to card	£15.36
30/08/23	Push to card	£14.36
03/10/23	Push to card	£145.00
03/10/23	Push to card	£20.46
03/10/23	Push to card	£327.36
03/10/23	Transfer	£2,200.00
05/10/23	Transfer	£800

Mrs R subsequently realised she'd been scammed and got in touch with Revolut on 14 October 2023 via its in-app chat. Ultimately, Revolut didn't reimburse Mrs R's lost funds, and Mrs R referred his complaint about Revolut to us. As the complaint couldn't be resolved informally, the case was passed to me for 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.

Having done so, I've decided to not uphold this complaint for materially the same reasons as our Investigator. I'll explain why.

Firstly, I'm sorry Mrs R lost money to a scam but this doesn't automatically entitle her to a refund from Revolut. It would only be fair for me to tell Revolut to reimburse Mrs R if I thought it reasonably ought to have prevented the payments or it unreasonably hindered recovery of the funds.

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 between August and 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.

However, there are many payments made by customers each day and it's not realistic or reasonable to expect Revolut to stop and check every payment instruction. There's a balance to be struck between identifying payments that could potentially be fraudulent, and minimising disruption to legitimate payments. Bearing this in mind, I need to decide whether Revolut acted fairly and reasonably in its dealings with Mr R when it processed the relevant payments.

Mrs R opened her account with Revolut on 31 December 2022, just under eight months prior to the payments she made from her Revolut account as a result of the scam. I also note that the Mrs R selected 'kids account' and 'transfers' for the purpose of opening the account, and I have taken this into account this along with everything else when considering if Revolut acted reasonably.

Having assessed Mrs R's previous expenditure I can see that payments one to eight of the scam transactions were in line with Mrs R's previous expenditure. Therefore, I am not persuaded Revolut should have considered those transactions to be suspicious or a risk. I'm satisfied it wouldn't be reasonable to expect Revolut's systems to have been triggered by those payments in dispute. I say this because the first payment (out of the first eight

transactions) which was made was for £14.36. The highest amount transferred (out of the first eight transactions) was for £327.36. And this was over a duration period of just under two months.

So, I think it is fair to conclude these were all nominal payments in the context of fraud monitoring, being sent over a period of just under two months. So, I am not persuaded this would have stood out as unusual or suspicious. And as I have highlighted above, a balance has to be struck in order to minimise disruption to legitimate payments.

The ninth payment of £2,200.00 sent on 3 October 2023, was a higher amount in regard to Mrs R's average expenditure. While I accept this was clearly significant to her, this doesn't in

itself suggest a heightened risk of fraud and again there is a balance to be struck and this wasn't really, by itself, a high value payment in terms of fraud monitoring. In any event I can see that Revolut did issue a new payee warning which said:

"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. Remember, fraudsters can impersonate others, and we will never ask you to make a payment."

The payment was then paused and Mrs R was asked to confirm the purpose of the payment. Mrs R selected 'investment'. I note there was an option for the consumer to select 'something else'. By selecting 'investment' Mrs R denied Revolut the opportunity to provide a tailored warning which better suited her circumstances. As such, Revolut produced a tailored warning based on Mrs R response, an investment warning. So, while I appreciate that the scam warning which was issued wasn't tailored to the actual scam Mrs R was falling victim to, I don't think I can reasonably hold Revolut responsible for this. Mrs R didn't provide Revolut with accurate information for it be able to provide a more suitable scam warning more applicable to Mrs R's circumstances. And as highlighted above, I wouldn't have necessarily concluded this transaction ought to have triggered Revolut to consider it a sufficient risk. But Revolut did intervene nonetheless, and I conclude the intervention it took was proportionate (written warning) when considering the other factors at play.

I have also considered the last payment Mrs R sent which was for £800 on 5 October 2023. This transfer was slightly different to the others, as Mrs R transferred this money directly to an investment company. Revolut did flag this transaction as a risk and asked Mrs R for the payment purpose. Again, Mrs didn't provide accurate information, she selected 'goods and services'. As such, Revolut issued a tailored warning based upon her answer, and Mrs R continued with the transaction. While it could be argued that Revolut would have been able to identify where this payment was going, it is also plausible that Mrs R could have been paying for a service. So, I don't think it was unusual for Revolut to have provided that warning in relation to the answer Mrs R gave. Again, I wouldn't have necessary concluded this transaction ought to have triggered Revolut to consider it a sufficient risk. But Revolut did intervene nonetheless, and I conclude the intervention it took was proportionate (written warning) when considering the other factors at play.

Consequently, I don't think Revolut ought reasonably to have known that these payments were related to a scam. I don't think the payments were significant enough to have triggered its systems; nor that there were sufficient grounds to justify delaying the payments. And while Revolut did intervene on two of the payments, I deem its intervention was fair and proportionate.

Recovery

I have gone on to consider if Revolut took reasonable steps to try and recover the funds. Mrs R sent the last payment on 5 October 2023 and reported the scam on 14 October 2023 (nine days later).

In relation to the ninth and tenth payment, which were transfers, I am satisfied that Revolut upon being notified of the scam on 14 October 2023 contacted the recipient's bank, but it was confirmed it couldn't retrieve the funds.

In regards to the other transactions (push to card payments), these were peer to peer payments. So, putting the delay in reporting the scam aside, it was highly unlikely, even if the scam had been reported sooner, that Revolut would have been able to recover the funds - I say this because, these transactions were made to legitimately purchase cryptocurrency, and sent to third parties, so recovery would have likely failed. Secondly, due to the delay in Mrs R reporting the scam, its unlikely there would have been any funds left for recover, as scammers usually utilise the funds as quickly as possible.

I'm sorry Mrs R was scammed and lost money. But despite my natural sympathy, I can't fairly tell Revolut to reimburse her when I don't think it reasonably ought to have prevented the payments or have been able to recover them.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 11 December 2024.

Jade Rowe
Ombudsman