

The complaint

Mr N complains that Revolut Ltd (“Revolut”) have failed to refund the money he lost as part of a scam.

Mr N has a representative, but for ease of reading I will mainly just refer to Mr N.

What happened

The details of this complaint are well known to both parties, so I will not repeat everything again here. Instead, I will focus on giving the reasons for my decision.

In summary though, Mr N was contacted by a scammer who claimed to be a representative from a bank that I will call D. The scammer said that Mr N’s account with D was compromised, and he would need to send his funds from D to a safe account, which he would have to open. Mr N also said he received a call from a representative from a bank that I will call C which held Mr N’s business account.

The scammer persuaded Mr N to open an account with Revolut and he subsequently transferred £300,000 in two payments from his business account with C to his newly opened Revolut account. The funds were then transferred from Mr N’s Revolut account to a number of different accounts held by other businesses.

My understanding is that Mr N also tried to attempt to transfer funds from his account with D to the scammer, but D prevented the payments from being made.

Mr N eventually realised he had been scammed. Mr N asked Revolut to refund these payments as he believes Revolut should have done more to prevent him from being scammed. Revolut did not agree with this.

One of our investigators looked into this matter and he thought that Revolut should have intervened and asked probing questions. But he also concluded that any warnings or interventions would likely not have stopped the scam.

Mr N did not agree with this and therefore his complaint has been passed to me to issue 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.

Firstly, I should highlight that there is an argument that Mr N has not actually suffered a personal loss. I say this because the loss was suffered by his private limited company and that is a separate legal entity, and the funds were that company’s money - not his. But even if I were satisfied that Mr N did suffer a personal loss, I don’t think that this complaint should be upheld. Let me explain why.

It isn't in dispute that Mr N authorised the disputed payments he made from his Revolut account. Even if he says the payments were made by the scammer on his behalf, the payments were requested by him using his legitimate security credentials provided by Revolut. And the starting position is that Revolut ought to follow the instructions given by their customers in order for legitimate payments to be made as instructed.

However, I've considered whether Revolut should have done more to prevent Mr N from falling victim to the scam. There are some situations in which it should reasonably have had a closer look at the circumstances surrounding a particular transaction. For example, if it was particularly out of character.

In this instance it is clear that Revolut did not intervene appropriately. But this does not mean that Revolut is at fault for Mr N's loss, as I need to consider what would likely have happened had it intervened.

I have therefore looked at the interventions that did happen between D, C and Mr N to establish what was most likely to have happened had Revolut intervened as well. In this instance we have several call recordings between D and Mr N and testimony from a member of staff from C. It is clear from these that Mr N was intentionally misleading D and C about why he was doing the transfers. For example, he told D that he was intending to send funds to purchase a car - when in fact he was transferring funds to "protect" them from fraud. When asked by D if someone had told him to transfer the funds in order to keep them safe, he said that no one had done so.

In relation to his interactions with C, the testimony from the member of staff involved in the transfers said that Mr N explained that he was transferring funds to obtain a better interest rate from a different provider. They also said that Mr N had confirmed that nobody had asked him to make the payments.

This combined with Mr N not providing the real reason for the transfers when asked to during the Revolut payment process suggests that, had Revolut intervened then, it would likely not have discovered the true reason for the payments. Given this, I think that at most Revolut would have provided Mr N with a general scam warning and I don't think that this would have stopped him, as he was clearly under the spell of the scammer at this point. I say this as Mr N clearly thought the scammer was legitimate and was trying to safeguard the funds in question.

So overall I think that Revolut should probably have intervened when Mr N made the payments. But I don't think that this would have stopped the scam. I don't think its failure to probe further could reasonably be considered as the proximate cause of Mr N's loss in these circumstances, as it seems likely he would have given misleading information and proceeded to make the transactions, irrespective of any intervention.

I've also thought about whether Revolut could have done more to recover the funds after Mr N reported the fraud. I can see that it did attempt to recover the funds, but it was only able to recover £25,000. I don't think that it could have done anything more in the circumstances.

I appreciate this will likely come as a disappointment to Mr N, and I'm sorry to hear he has been the victim of a cruel scam. However, I'm not persuaded that Revolut can fairly or reasonably be held liable for his loss in these circumstances.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 26 June 2024.

Charlie Newton
Ombudsman