

The complaint

Mrs A complains that Revolut Ltd won't refund money she lost when she fell victim to a scam.

What happened

The detailed background to this complaint is well known to both parties and has previously been set out by our investigator. So, I'll only provide a brief overview and focus on giving my reasons for my decision.

Mrs A set up a seller's account on an online marketplace. Under the guise of verifying her card details to receive payment for an item she had purportedly sold, scammers tricked her into authorising two debit card payments for £600 to a money transfer service. They told her she needed to make a test transaction for that amount and that it would be refunded. When she enquired about the refund the following day, she was instructed to attempt verification again. It was only afterwards, when Mrs A contacted the genuine marketplace's customer support, that she discovered she'd been scammed.

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.

I'd like to start by saying I'm sorry to learn that Mrs A fell victim to the actions of cruel scammers. I don't doubt that this incident has had an adverse impact on her.

I'd like to reassure Mrs A and Revolut that although I've only summarised the background above, so not everything that's happened or has been argued is detailed, I have read and considered their submissions in their entirety.

It's very unfortunate that Mrs A has lost a considerable sum of money. But Revolut doesn't automatically become liable to reimburse her loss where she's fallen victim to a scam. The starting position is that liability for an authorised payment rests with the payer, even where they are duped into making that payment. There's no dispute that Mrs A made the payments using her security credentials, and so they are authorised.

I can see Mrs A has said that Revolut isn't a member of the APP fraud scheme, and she believes that is why the scammer asked her to use her Revolut account. I think Mrs A is referring to the Lending Standards Board's Contingent Model Reimbursement Code (CRM Code), which requires signatories of the Code to reimburse their customers who fall victim to authorised push payment (APP) scams in all but limited circumstances.

Mrs A is correct in saying that Revolut hasn't signed up to the CRM Code which is voluntary. But it's important to highlight that the Code only covers APP scams. These include faster payments and CHAPS payments where the customer instructs their payment service provider to send money to the beneficiary. Card payments, which is the method of payment in Mrs A's case, aren't 'push' payments. These are 'pull' payments where the customer

instructs a merchant to pull or collect money from their account by authorising the transaction using their card.

So, even if Revolut was a signatory to the CRM Code, the transactions Mrs A is disputing wouldn't be covered by it. Notwithstanding the provisions of the Code, in accordance with the law, regulations and good industry practice, a payment service provider (including an electronic money institution like Revolut) should be on the look-out for and protect its customers against the risk of fraud and scams so far as is reasonably possible. If it fails to act on information which ought reasonably to alert it to potential fraud or financial crime, it *might* be liable for losses incurred by its customer as a result.

I've looked at the operation of Mrs A's Revolut account and although she rarely used it, I don't consider the individual transactions in dispute were that unusual such that I think Revolut ought to have had cause for concern and taken additional steps to identify if there was a heightened risk of financial harm due to fraud. The transactions went to a legitimate money transfer service and weren't for an unusually large amount. There was also a day's gap between the two transactions.

Having thought about this carefully, I haven't seen any other factors at play here such that, in my view, Revolut should have been concerned and ought to have intervened before processing the transactions. What this means is that in the circumstances of this case, I don't consider Revolut acted unfairly in executing the payment instructions it received from Mrs A. It follows that I don't find it liable for her financial loss.

I understand the point Mrs A has made about sincerely believing that the correspondence was from the genuine marketplace – and following instructions she was given for that reason. Unfortunately, scams are getting ever more sophisticated, and victims are tricked into believing they are communicating with the genuine company. In deciding this case, my considerations are in relation to Revolut's acts and omissions. As I've set out above, from the information available to Revolut at the time of the transactions, I can't fairly conclude that it ought to have intervened.

I've also thought about whether Revolut could have done more to recover the funds once it became aware of the situation, as in some circumstances the money can be recovered. These were debit card payments, so the recovery avenue would have been limited to chargeback. But Mrs A's payments went to a legitimate money transfer service. I don't consider that a chargeback would have had any prospect of success given the merchant that received her funds (i.e., the money transfer service) would have been able to demonstrate that services paid for were rendered (namely transferring the funds as instructed).

I can see from her chat correspondence with Revolut that Mrs A mentioned the card scheme's 'Zero Liability Policy'. I'd like to reassure her that I've looked into this, and it's in relation to unauthorised payments only. As the payments Mrs A is disputing are considered authorised under the relevant rules, they wouldn't be covered by the said policy.

In conclusion, I know that Mrs A will be disappointed with this outcome. Despite my natural sympathy for the situation in which she finds herself due to the scammer's actions, for the reasons given, it wouldn't be fair of me to hold Revolut responsible for her loss.

My final decision

For the reasons given, 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 A to accept or reject my decision before 9 October 2024.

Gagandeep Singh
Ombudsman