

The complaint

Mrs P complains that Revolut Ltd hasn't refunded her after she fell victim to a scam.

What happened

The background to this complaint is well-known to both parties, particularly as I set out the detail in a provisional decision (PD, issued on 5 June 2024). I've included a copy of the PD in this final decision, rather than repeat the circumstances of the complaint.

The PD also set out my intended findings. Mrs P and Revolut have both now had an opportunity to respond.

Mrs P accepted the outcome and said she had nothing further to add.

Revolut didn't accept and the objections can be summarised as:

- Significant funds (£29,000) had been sent to the Revolut account from F (Mrs P's main bank). Revolut then suggested it would be rational to consider whether F failed in its duty of care in respect of those funds;
- Mrs P was no longer on the call with the scammer when she sent the money and so ought to have had an opportunity to reflect and question the legitimacy of the situation;
- Mrs P had been told her account with F was under threat, so there was a question as to why it would then have been necessary to move the funds on from the Revolut account in her name;
- Revolut had the opportunity to freeze the funds and provide warnings to Mrs P to raise awareness of scams. It intervened on both payments and provided relevant warnings, but Mrs P proceeded anyway;
- The payment purpose selected by Mrs P – 'something else' rather than 'safe account' made it more difficult for Revolut to detect the scam risk and meant the warnings weren't as tailored as they could have been; *and*
- Mrs P was so convinced she was dealing with genuine parties that the likelihood of ever obtaining truthful information from Mrs P was low.

I've considered the additional points raised in response to my PD and am now proceeding to issue my final 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.

I've thought carefully about the new points raised by Revolut in response to my PD. But I'm still reaching the same outcome and for broadly the same reasons. None of my original findings have changed. And so this section of the final decision will only address what Revolut has said since the PD. I'll address those points in the same manner as I've set them out above.

- Significant funds (£29,000) had been sent to the Revolut account from F (Mrs P's main bank). Revolut then suggested it would be rational to consider whether F failed in its duty of care in respect of those funds;

I confirmed in my PD that Mrs P had brought a complaint about F and that one of our investigators had considered it. The investigator didn't uphold it and Mrs P didn't ask for an ombudsman to review the outcome.

The investigator explained it was fair and reasonable that F hadn't been concerned about the payments Mrs P was making. A key feature of the findings in that case was that Mrs P was paying an established payee that she'd sent money to before and that the money was going to an account in her name.

I have taken into account that the payments that funded the scam were made from other accounts at regulated financial businesses.

I have carefully considered Revolut's view that the actions of F should be taken into account when deciding what is fair reimbursement is in this case.

But, as I've set out in some detail already, I think Revolut still should have recognised that Mrs P might have been at risk of financial harm from fraud when she made the first payment (£19,000), and in those circumstances it should have made further enquiries. If it had taken those steps, I'm satisfied it would have prevented the losses Mrs P suffered. The fact that the money used to fund the scam came from elsewhere does not alter that fact and I think Revolut can fairly be held responsible for Mrs P's loss in such circumstances. I've also considered that Mrs P has only continued with her complaint against Revolut, where she has accepted our investigator's findings for the complaint against F. I accept that it's *possible* that F might also have missed the opportunity to intervene or failed to act fairly and reasonably in some other way (but that was not our investigator's view), and Mrs P could instead, or in addition, have sought to have that complaint decided by an ombudsman. But Mrs P has not chosen to do that and ultimately, I cannot compel her to. In these circumstances, I can only make an award against Revolut.

I'm not persuaded it would be fair to reduce Mrs P's compensation in circumstances where Revolut could have prevented all her losses connected with each payment made, and where Mrs P has only pursued her complaint about Revolut, as she is entitled to do. That isn't, to my mind, wrong in law or irrational but reflects the facts of the case and my view of the fair and reasonable position.

I note that in *R (on the application of Portal Financial Services LLP) v Financial Ombudsman Service Ltd* [2022] EWHC 710 (Admin) the High Court was satisfied that it was rational for the Ombudsman to hold an advisor responsible for 100% of the complainant's losses, notwithstanding that 'this would not be the outcome at common law, and that the Ombudsmen were required to consider the law and give reasons for departing from it and have not done so.' The court was satisfied that it was rational for the Ombudsman to conclude that, but for the business's own actions, the loss could have been prevented and that it was open to the Ombudsman to conclude that the business should be held responsible for 100% of those losses. The High Court reached a similar conclusion in *R (IFG Financial Services Ltd) v Financial Ombudsman Service* [2005] EWHC 1153 (Admin) at paragraphs 13 and 93.

For the reasons set out above, I'm satisfied that similar considerations apply in the present case.

- Mrs P was no longer on the call with the scammer when she sent the money and so

ought to have had an opportunity to reflect and question the legitimacy of the situation;

I'm not sure where Revolut has taken this detail from. But from the evidence I've seen this is an inaccurate statement. It's similar to an argument made prior to my PD, where Revolut said Mrs P has time to reflect between the two calls she received.

Mrs P has provided evidence – which Revolut has had in its possession since May 2023 – that the first call lasted only six minutes and there was no account activity at that time.

The second call lasted around an hour and a half and it's during this call that all the account activity occurs. The evidence shows Mrs P was on the phone with the scammer when the payments were being made.

The opportunity for reflection then was not present, and the scammers were continually applying pressure when on the phone to Mrs P.

- Mrs P had been told her account with F was under threat, so there was a question as to why it would then have been necessary to move the funds on from the Revolut account in her name;

Mrs P ultimately believed she was putting the funds back into the control of F by moving it. This detail is covered in my PD. And it explains why Mrs P moved the money from her account with F, to her account with Revolut, and then on from there.

I can accept that, in the cold light of day and with the benefit of hindsight, this may seem an unusual step. But it must be remembered that the scammers had cleverly deceived her into a position of total belief that she was speaking with genuine parties. That deception included the use of sophisticated number spoofing. I don't find this aspect changes the overall outcome.

- Revolut had the opportunity to freeze the funds and provide warnings to Mrs P to raise awareness of scams. It intervened on both payments and provided relevant warnings, but Mrs P proceeded anyway, despite warning against proceeding if she didn't know or trust the payee;
- The payment purpose selected by Mrs P – 'something else' rather than 'safe account' made it more difficult for Revolut to detect the scam risk and meant the warnings weren't as tailored as they could have been; *and*
- Mrs P was so convinced she was dealing with genuine parties that the likelihood of ever obtaining truthful information from Mrs P was low.

I've combined the response to these three points as they are all broadly about the warnings that Revolut did give and its ability to prevent the scam from taking place. There isn't much new here that would lead me to alter the findings set out in my PD, and much of what's been argued since was already covered.

I think it's important to note a key part of my findings in the PD here: that Revolut's response to the payment instructions wasn't proportionate to the risk being presented. It didn't do enough. It should have looked to clearly establish the full circumstances behind the payments by engaging with Mrs P far more directly and dynamically. This might have been through its in-app chat function, for example, where she could be properly questioned and protected from the risk of financial harm through fraud.

It's also important to remember the tactics used by the scammer, with them having built a position of trust, then using the application of pressure, and preying on natural feelings of desperation and panic.

To address some of the specifics of Revolut's points, it's clear Mrs P made the payments believing she did know where the money was going and where she trusted the person she was talking to. It's understandable why the first warning had little impact on her. It doesn't

mean she was given a potent warning that she simply chose to dismiss. The warning did very little to break the fraudsters spell.

I acknowledged in my PD that Mrs P had selected the 'incorrect' payment reason. But again, it's important to recognise she was in a desperate situation and one where she completely believed she was talking to her bank. And so she followed the instructions given by the scammer.

Revolut ought to be aware that this is a common tactic of scammers. The warnings it did give do reflect its knowledge of this, to an extent, given safe account scams were mentioned. But the written warning it gave wasn't enough, and as I've already said, I'm satisfied a greater level of intervention was necessary. She was under the spell of the scammers at the time, which significantly contributed to her moving past the written warnings. But had the payment process been broken up by a human intervention, with tailored questions about the circumstances of the payments, and a conversation about what was happening, as fairly and reasonably ought to have taken place, I'm persuaded the spell would more likely than not have been broken.

Overall, I'm not persuaded to deviate from my original findings, having considered all points raised by Revolut. In doing so I've thought about both parties' involvement in the scam and their actions throughout. And on that basis I find it is now fair and reasonable for Revolut to compensate Mrs P for her loss to the scam.

Putting things right

On Mrs P's acceptance, Revolut should:

- Refund Mrs P's remaining loss of £16,836.85;
- Pay interest on that sum at 8% simple per year, calculated from the date of loss to the date of settlement.

My final decision

I uphold this complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 29 August 2024.

Provisional decision – issued 5 June 2024

I've considered the relevant information about this complaint.

Having done so, I intend to uphold it.

I'll look at any more comments and evidence that I get by 5 June 2024. But unless the

information changes my mind, my final decision is likely to be along the following lines.

The complaint

Mrs P complains that Revolut Ltd hasn't refunded her after she fell victim to a scam.

What happened

Mrs P was called on her mobile at around 14:00 on 2 May 2023. Her phone displayed 'No Caller ID'. When she answered, the caller said he was from the fraud team at another bank – which I'll refer to as F – where Mrs P held a separate account. Mrs P didn't realise at the time, but she was speaking with a scammer.

The scammer said F had detected suspicious activity on Mrs P's account and they wanted to make sure the payments were genuine. The scammer asked Mrs P to check her account, but she couldn't do so as she didn't have an internet connection at the time. The scammer agreed to call back later.

Mrs P received a second call from a different scammer, but with the same story, at around 15:30 on the same day. Mrs P had arrived home and her children were also just getting in from school, so things were a bit chaotic. Mrs P has described how the scammer knew her full name, postcode, and the last four digits of her account number. She's also described how the scammer was emphasising the need to act quickly, building the sense of urgency.

The scammer said he could see several attempts at transactions on Mrs P's account, including one at a well-known shop. Mrs P then received a text message that appeared to have been sent by F. The text message appeared to confirm the attempted fraudulent transaction and contained a one-time passcode. Mrs P has explained how convincing this looked, especially given it seemed to have come from F's genuine contact details.

Mrs P could see the transaction hadn't gone through, having checked her online banking. The scammer confirmed F had blocked the payments, wanting to speak with Mrs P to check they were genuine.

The scammers told Mrs P that her account remained under threat and, to keep her money safe, she'd have to create a new account with F and send her money to it. Mrs P questioned whether she could send the money to her husband instead, but the scammer said if she did that the fraudsters could track the IP addresses and account details used and then his account would be vulnerable too.

Mrs P revealed she also held an account with Revolut. The scammer instructed her to send the money there and then onto an account controlled by – and in the name of – a manager at F. The scammer said once the new account with F was set up the funds could then be safely transferred.

The scammer gave Mrs P a reference number, telling her it was an FCA reference for the fraud case that they'd raised on her behalf. They also instructed Mrs P to raise a case with Action Fraud.

The scammer also asked Mrs P to download remote access software, which she did. This was on the premise that the scammer would check Mrs P's accounts to make sure they were secure.

Mrs P was very panicked by the situation and was convinced her money was at risk. She's described how the various tricks used by the scammer made everything seem so convincing, and so she followed the instructions she was given. She made two payments from her account with F into her Revolut account: the first for £19,000 and the second for £10,000. She then sent these same amounts on to an account in a personal name (what Mrs P believed to be the name of the manager at F), which was also held with Revolut, at 15:30 and 15:47.

Mrs P recalls seeing a warning when setting up a new payee, though she doesn't remember specific details. But she does recall questioning the scammer about the process she was going through, in particular that the destination account was in the name of a manager at F and whether there was another way for her to protect her funds.

She's described how the scammer remained convincing in their answers, and appeared knowledgeable throughout, knowing each step and what was going to happen next. Ultimately, she had no doubt that she was talking to bank F and as a result the written warnings weren't impactful.

The content of the warning was as follows:

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.

Mrs P was also asked to select a purpose for her payment, being given a list of options, with Revolut having detected the first payment as being suspicious. She selected 'Something else' at the scammer's instruction. Revolut have provided evidence of what it's described as some general warnings which were shown to Mrs P. They said:

Stop!

This transaction has been flagged as suspicious. Take a few minutes to consider the situation before parting with your money.

Don't ignore warnings.

Scammers pressure and persuade you to ignore our warnings. If you are being told to ignore warnings such as this, then it's a scam.

We won't call you to move money.

Revolut, banks and financial service providers will never ask you to move money to a different "safe" account.

Mrs P was assured by the scammers that all was well and so she proceeded with the payments. She was then given a code, which she was to present to F in order for her funds to be returned to her. The scam was revealed when Mrs P called F on its genuine number and explained what had happened, still under the spell of the scammer. When she relayed the circumstances to F it quickly realised Mrs P had been the victim of a scam.

Now aware she'd fallen victim to a scam, Mrs P contacted Revolut to report what had happened. It began trying to recover Mrs P's money.

Revolut recovered £34.80 from the account Mrs P sent the money to. But the rest had been quickly moved on by the scammer. Revolut contacted the other banks the money had been sent on to and, after a couple of weeks, was able to return a further £12,128.35.

Revolut considered whether it ought to refund the rest of Mrs P's loss and said it wouldn't do so. In summary, it said:

- There were a number of red flags that Mrs P ought to have picked up on, including that she was being asked to send money from F to a different firm;
- Mrs P had time to stop and think about what was happening, given the first and second calls were more than an hour apart;
- Mrs P ought to have questioned why F couldn't come up with a solution to account security on its own, instead appearing to require the use of accounts held elsewhere;

- That Mrs P was knowingly going to lose control of and access to her money – by sending it to the manager at F's account – and this ought to have caused significant concern;
- It presented several warnings which ought to have affected Mrs P's decision making;
- Mrs P selected the incorrect payment purpose, meaning it couldn't give a more tailored warning;

Mrs P wasn't happy with Revolut's response and so referred her complaint to our service. One of our investigators considered what had happened and recommended the complaint be upheld. She said Mrs P should be refunded her outstanding loss and that Revolut should pay 8% simple interest per year on that refund, calculated from the date payment was made to the date of settlement.

Our investigator's findings, in summary, were:

- There were signs that indicated Mrs P was at risk of financial harm through fraud, including that there were two very large and uncharacteristic payments made from her Revolut account. She also noted those payments out followed two close-together payments in and that they went to a new payee;
- Revolut appears to have recognised at the time that Mrs P was at risk, given it held the first payment, asked her additional questions about it, and presented additional warnings;
- She didn't believe Revolut's questioning of Mrs P was proportionate to the scam risk, and that a greater level of intervention was warranted;
- That a more suitable and proportionate warning, tailored to the situation and circumstances, would have revealed the scam. She explained that Mrs P hadn't been given a cover story by the scammer and there was no evidence to suggest she would have been dishonest about what she believed she was doing and why;
- Mrs P had acted reasonably in the circumstances, taking note of the fact the scammers had employed a tactic known as number spoofing, where a genuine number is copied/cloned to appear genuine. She also considered that the scammers knew personal information about Mrs P from the outset and felt this would have been a further persuasive element.
- She acknowledged what Revolut described as several red flags but didn't consider these were so significant or unusual that Mrs P – as someone without detailed knowledge of fraud and scams, and also taking account of the sophistication of the scam – ought to have necessarily picked up on.

Mrs P accepted our investigator's findings, but Revolut did not and it asked that an ombudsman review the complaint. In requesting the referral, it restated some of the same points it had made before. It also made some additional arguments, set out in summary below:

- Revolut executed the payment as per Mrs P's instructions and in accordance with the terms and conditions of the account;
- Revolut adhered to the Payment Service Regulations (2017) which state where a payment instruction is received it must be executed promptly;
- Revolut recognises its obligation to put in place adequate procedures to counter the risk that it may be used to further financial crime (and has such systems and controls in place), but that duty is not absolute and does not go as far as to require Revolut to detect and prevent all fraud, particularly in the face of authorised customer instructions;

- The duty to execute valid (or “authorised”) payment instructions does not require the PSP (Revolut) to assess the commercial wisdom or potential for financial loss of a proposed transaction. It referred to the recent Supreme Court judgement in the case of *Philipp v Barclays Bank UK plc [2023] UKSC 25* in making that statement.

The complaint has now been passed to me for a decision.

By way of further background, Mrs P did also bring a complaint about F as it also declined to refund her. Our investigator didn’t uphold that complaint and Mrs P didn’t ask that an ombudsman review it. A key feature there was that Mrs P had paid money to her Revolut account before and it was an existing payee.

What I’ve provisionally 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 intend to uphold this complaint, and for broadly the same reasons as our investigator. I’m issuing a provisional decision here as I’m going to address the additional arguments made by Revolut following our investigator’s findings. I’ll consider any final submissions from either party – as long as they reach me by the deadline given – before going on to issue my final decision. But if there is no further new and substantial evidence, information, or argument raised, my findings are likely to be the same as those set out here.

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

Having taken all the above into account, for the reasons I shall set out below, I am minded to conclude that:

- When Mrs P attempted to make the first payment to the fraudsters – that is the £19,000 payment at 15:30 (“Payment 1”), Revolut should have recognised that Mrs P could be at heightened risk of financial harm from fraud and it should have attempted to establish the circumstances surrounding that payment by, for example, directing Mrs P to its in-app chat.
- Once it had established the circumstances surrounding the payment, it should have provided a clear warning to Mrs P.
- Had it done so, I think it’s more likely than not that Mrs P’s loss from that payment onwards would have been prevented.
- In those circumstances, I consider it to be fair and reasonable to hold Revolut responsible for Mrs P’s loss.

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.

And, as the Supreme Court has recently reiterated in *Philipp v Barclays Bank UK PLC*, subject to some limited exceptions banks have a contractual duty to make payments in compliance with the customer’s instructions.

In that case, the Supreme Court considered the nature and extent of the contractual duties owed by banks to their customers when making payments. Among other things, it said, in summary:

- The starting position is that it is an implied term of any current account contract that, where a customer has authorised and instructed a bank to make a payment, it must carry out the instruction promptly. It is not for the bank to concern itself with the wisdom or risk of its customer's payment decisions.
- The express terms of the current account contract may modify or alter that position. For example, in *Philipp*, the contract permitted Barclays not to follow its customer's instructions where it reasonably believed the payment instruction was the result of APP fraud; but the court said having the right to decline to carry out an instruction was not the same as being under a duty to do so.

In this case, the terms of Revolut's contract with Mrs P at the time did expressly require it to refuse or delay a payment for a number of reasons. Those reasons included "*if legal or regulatory requirements prevent us from making the payment or mean that we need to carry out further checks*".

So Revolut was required by the implied terms of its contract with Mrs P and the Payment Services Regulations to carry out her instructions promptly, except in the circumstances set out in its contract, which included where regulatory requirements meant it needed to carry out further checks.

Whether or not Revolut was required to refuse or delay a payment for one of the reasons set out in its contract in Mrs P's case, the basic implied requirement to carry out an instruction promptly did not in any event mean Revolut was required to carry out the payments immediately¹. Revolut could comply with the requirement to carry out payments promptly while still giving fraud warnings, or making further enquiries, prior to making the payment.

And, I am satisfied that, taking into account longstanding regulatory expectations and requirements and what I consider to have been good industry practice at the time, Revolut should in May 2023 fairly and reasonably have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances (irrespective of whether it was also required by the express terms of its contract to do so).

In reaching that view, I am mindful that in practice all banks and EMI's like Revolut do in fact seek to take those steps, often by:

- using algorithms to identify transactions presenting an increased risk of fraud;²

¹ The Payment Services Regulation 2017 Reg. 86 states that "the payer's payment service provider must ensure that the amount of the payment transaction is credited to the payee's payment service provider's account **by the end of the business day following the time of receipt of the payment order**" (emphasis added).

² For example, Revolut's website explains it launched an automated anti-fraud system in August 2018:

https://www.revolut.com/news/revolut_unveils_new_fleet_of_machine_learning_technology_that_has_seen_a_fourfold_reduction_in_card_fraud_and_had_offers_from_banks/

- requiring consumers to provide additional information about the purpose of transactions during the payment authorisation;
- using the confirmation of payee system for authorised push payments;
- providing increasingly tailored and specific automated warnings, or in some circumstances human intervention, when an increased risk of fraud is identified.

In reaching my conclusions about what Revolut ought fairly and reasonably to have done, I am also mindful that:

- FCA regulated firms are required to conduct their “business with due skill, care and diligence” (FCA Principle for Businesses 2) and to “pay due regard to the interests of its customers” (Principle 6)³.
- Over the years, the FSA, and its successor the FCA, have published a series of publications setting out non-exhaustive examples of good and poor practice found when reviewing measures taken by firms to counter financial crime, including various iterations of the *“Financial crime: a guide for firms”*.
- Regulated firms are required to comply with legal and regulatory anti-money laundering and countering the financing of terrorism requirements. Those requirements include maintaining proportionate and risk-sensitive policies and procedures to identify, assess and manage money laundering risk – for example through customer due-diligence measures and the ongoing monitoring of the business relationship (including through the scrutiny of transactions undertaken throughout the course of the relationship). I do not suggest that Revolut ought to have had concerns about money laundering here, but I nevertheless consider these requirements to be relevant to the consideration of a firm’s obligation to monitor its customer’s accounts and scrutinise transactions.
- The October 2017, BSI Code⁴, which a number of banks and trade associations were involved in the development of, recommended firms look to identify and help prevent transactions – particularly unusual or out of character transactions – that could involve fraud or be the result of a scam. Not all firms signed the BSI Code (and Revolut was not a signatory) and it has since been withdrawn, but the standards and expectations it referred to represented a fair articulation of what was, in my opinion, already good industry practice in October 2017 particularly around fraud prevention, and the practices articulated in the BSI Code remain a starting point for what I consider to have been the minimum standards of good industry practice in May 2023 (regardless of the fact the BSI Code was withdrawn in 2022).

Overall, 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 May 2023 that Revolut should:

- have been monitoring accounts and any payments made or received to counter

³ Since 31 July 2023 under the FCA’s new Consumer Duty package of measures, banks and other regulated firms must act to deliver good outcomes for customers (Principle 12), but the circumstances of this complaint pre-date the Consumer Duty and so it does not apply.

⁴ BSI: PAS 17271: 2017 “Protecting customers from financial harm as result of fraud or financial abuse”

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;
- 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.

Should Revolut have recognised that Mrs P was at risk of financial harm from fraud and were the steps it took to warn her sufficient?

It isn't in dispute that Mrs P has fallen victim to a cruel scam here, nor that she authorised the disputed payments she made to the fraudsters.

Whilst I have set out in detail in this provisional decision the circumstances which led Mrs P to make the payments using her Revolut account, I am mindful that Revolut had much less information available to it upon which to discern whether any of the payments presented an increased risk that Mrs P might be the victim of a scam.

I've seen Mrs P's account statements and can see Payment 1 was vastly higher in value than any other in the preceding 14 months. That characteristic alone set it out as highly unusual.

The other factors – that the funding of the Revolut account was generally uncommon, that third-party payees were rarely created, that this was a large payment to a new payee – all further heighten the risk of financial harm from fraud associated with the payment.

And so, I'm satisfied that Revolut should have identified Payment 1 as carrying a heightened risk of financial harm and it should have taken additional steps before allowing it to debit Mrs P's account.

Revolut did provide warnings to Mrs P when she attempted to make Payment 1. So the next question is then whether Revolut's response was proportionate. I'm not persuaded it was. I accept that Mrs P was provided with some warnings. But even Revolut has described these as generic. I will comment on the content of those warnings, but given the significant risk connected to Payment 1, I'm satisfied Revolut ought fairly and reasonably to have done more than display passive and automated warnings; Mrs P should, for example, have been directed to the in-app chat function, or to have had some other direct human interaction, so the circumstances of the payment could have been properly discussed.

I acknowledge Mrs P was presented with some warnings. And I've taken account of the fact that Mrs P selected 'Something else' as her payment purpose, as opposed to 'Sending money to a safe account'.

It's true that there was some information relevant to Mrs P's circumstances and the scam she fell victim to in these warnings. But given they were all static, automated warnings, and considering the lack of context set out across the four that were given, I don't find they were impactful in the circumstances of this case. Overall, I don't consider any of the warnings

provided to be a proportionate response to the risk that Payment 1 presented. And it's understandable why Mrs P moved past them. It's important to remember here that Mrs P was being guided, and that she was completely convinced she was talking to a genuine member of F staff. That belief was particularly strong given the number spoofing for the fake fraud warning text, alongside other sophisticated elements of the scam.

Mrs P has described how the scammer was encouraging her to act quickly and applying pressure. She's also described how she was in a chaotic situation, having just arrived home from work and also with the children arriving home from school. These factors help to demonstrate how and why written warnings can lose their impact. Scammers know this and use such factors to their advantage, as they did with Mrs P.

I've thought carefully about the risk the payments presented here. Having done so, I'm persuaded that a proportionate response to the risk Payment 1 presented would be for Revolut to have attempted to establish the circumstances surrounding it before allowing the payment to debit Mrs P's account. I think it should have done this by, for example, directing Mrs P to its in-app chat to discuss the payment further.

If Revolut had attempted to establish the circumstances surrounding Payment 1, would the scam have come to light and Mrs P's loss been prevented?

Had there been a discussion about the purpose of Payment 1 I'm persuaded Mrs P would have explained exactly what she believed she was doing. There's little evidence to suggest otherwise. After making the payments Mrs P contacted F and told it what she had been doing and why, relaying the details of the scam without knowing she'd been a victim at that point. This is strong evidence to show Mrs P would have informed Revolut about what she was doing too, if she'd been asked. She was convinced she was doing the right thing, and was engaging openly with the parties she spoke to: both the scammer and the genuine F. It follows she would have continued to engage openly when questioned directly by Revolut.

Mrs P has been consistent in recalling that she did question the scammer at various stages of the scam, but was always convincingly reassured by them. So I have considered the possibility that the scammer would have guided her through further interactions with Revolut given how they'd guided her through the written warnings and convinced her as to the legitimacy of what she was doing. But on balance, had Revolut sufficiently questioned her about Payment 1, I'm persuaded she would have remained both cautious and curious and answered the questions it had honestly, with a view to protecting herself. An in-app live chat – or similar – would have been more impactful than a static written warning, and I believe would more likely than not have broken the scammer's spell thanks to the innate dynamism of such engagement, and the ability to draw out the key details. Mrs P was engaging and questioning each step of the payment journey. It follows that she would have continued to do so when in direct contact with Revolut.

Mrs P was not given a cover story and I'm persuaded she would have explained to Revolut that she was moving her money from F because she believed her account was under threat from fraudsters. She would more likely than not have explained she was being instructed to do this by F, and that the money was being sent to a manager at F.

It's worth noting here that there appears to have been no suggestion that any member of bank staff was a party to the supposed fraud taking place on Mrs P's account. And so the

likelihood of the scammer being able to convince Mrs P that a genuine member of staff, communicating with her through the secure Revolut in-app chat, shouldn't be listened to seems very low.

Revolut would have immediately recognised this as a scam and ought – as a minimum – to have given very strong warnings against proceeding. Those warnings ought to have included a description of the hallmarks of a safe account scam – for example, including number spoofing and the need to protect funds from fraud– and how they linked to Mrs P's circumstances. This would have allowed for the overcoming of factors such as Mrs P being coached to select the 'Something else' payment purpose too, again allowing for a more tailored intervention and warning. Had Revolut done this I've seen no evidence to suggest she wouldn't have recognised she'd fallen victim to a scam and not proceeded with the payments.

Ultimately, as Revolut didn't question the payments Mrs P made, and didn't provide Mrs P with warnings that sufficiently covered the key features of a safe account scam, it can provide no compelling evidence that she would have misled it about the purpose of the payments or the surrounding circumstances.

I'm satisfied that had Revolut properly identified the circumstances behind Payment 1, as I think it fairly and reasonably ought to have done, and provided a warning that covered the key features of a bank impersonation scam, then the full loss to Mrs P would more likely than not have been prevented.

Is it fair and reasonable for Revolut to be held responsible for some of Mrs P's loss?

I have taken into account Mrs P's Revolut account was funded by payments from F (another regulated business). As noted, Mrs P did raise a complaint about F and it has been considered by this service, where it was not upheld. .

Should Mrs P bear any responsibility for her loss?

In considering this point, I've taken into account what the law says about contributory negligence as well as what I consider to be fair and reasonable in the circumstances of this complaint.

Having considered the matter carefully, I don't think that there should be any deduction from the amount reimbursed.

There are many features of the scam that Mrs P fell victim to that are, sadly, all too common. The scammers employed a range of techniques, including applying pressure to act, a fear of significant financial loss, and the use of spoofed phone numbers. But that these are common features doesn't mean that Mrs P ought to have been aware of such tactics. And the features are common because they are unfortunately so powerful, persuasive, and ultimately successful. Number spoofing in particular is a very convincing element in scams like this, where the victim is drawn into the belief that they are talking to, or receiving contact from, their genuine account provider. This was the case here by the time Mrs P received a spoofed text message from F.

Where such scenarios arise, the presence of what Revolut describes as 'red flags' can and often do become obscured. What might appear clear and obvious in a less sophisticated scam become more difficult to detect in the moment, or are more easily overcome by a scammer through coaching.

I've considered this point not only generally, but with specific attention to the arguments raised by Revolut, including that Mrs P was being directed to use an account outside of F, and that she would lose access to her funds by doing so. I can acknowledge that in the cold light of day, with the benefit of hindsight, and certainly reflecting on the scenario as an experienced finance professional (as Revolut is here), these are concerning features. But I'm not persuaded they amount to a position where it can be said Mrs P as met the bar for contributory negligence in either the legal sense or in terms of what I consider to be fair and reasonable in all the circumstances of the complaint.

My considerations have also included thinking about the time between the first and second calls from the scammers, with around an hour and a half between them. Revolut has said this gave Mrs P sufficient time to reflect on what she'd been told on the first call and to check her account with F for signs of fraud. I'm not persuaded this changes the outcome here. It appears Mrs P wasn't given a huge amount of detail on the first call, only that there was some suspicious activity on her account. She fully expected to be called back to discuss this further, and that is what happened.

I've already discussed the warnings Mrs P would have seen over the course of the payment journey for Payment 1. And I've talked about their impact and whether they represented suitable and proportionate action on Revolut's part.

My findings here – in terms of the reasonableness of Mrs P's actions – circle back to what I've already said. Mrs P was caught up in a sophisticated and very persuasive scam. And so, while some of the information contained within the warnings did relate to the circumstances she found herself in, for the reasons I've previously explained, they lacked the context and impact required for them to overcome the strength of the scam. I find a consideration of the full circumstances behind the payment mean that Mrs P still acted reasonably in the face of those warnings, and they don't mean a deduction to reimbursement should be applied. After all, Mrs P was of the opinion she was talking to her bank and quite reasonably trusted what they had to say when they coached her through the written warnings she was shown. It is common for customers to follow instructions they're given by their bank, particularly when it comes to fraud concerns.

Putting things right

I intend to uphold this complaint and make the following award, subject to the consideration of any further evidence and arguments submitted by Revolut and Mrs P:

- Refund Mrs P's remaining loss of £16,836.85;
- Pay interest on that sum at 8% simple per year, calculated from the date of loss to the date of settlement.

My provisional decision

My intention is to uphold this complaint against Revolut Ltd. I'll consider any further submissions from either party, as long as they reach me by 5 June 2024. I'll then look to issue my final decision.

Ben Murray

Ombudsman