

The complaint

Miss O is complaining that Revolut Ltd haven't refunded the money she lost to a scam

What happened

On 10 October 2022 Miss O was called by someone who said they were from a local Crown Court. They told her she needed to pay a council tax debt – and Miss O's told us that this was plausible, as at the time she did have a council tax debt. They asked her to transfer £999 towards repaying the debt. Miss O says they remained on the phone with her while she instructed the payment and told her what to do.

Miss O instructed the payment from her Revolut account, and she selected the payment purpose as '*transfer to a safe account*.' After showing Miss O some scam warnings on screen, Revolut delayed the payment, and contacted Miss O via their 'in app' chat to discuss it.

Revolut gave Miss O a scam warning relating to safe account transfers, and asked if anyone had installed any software on her device. Miss O said she was transferring money to her landlord to pay rent, and she was paying late so she needed the money to be sent. She said she knew the person she was paying. On the basis of Miss O's responses, Revolut lifted the hold on the payment and gave Miss O instructions on how to send the payment.

Miss O still wasn't able to complete the payment so she spoke to Revolut again via the app. She said she needed to pay her rent, which she usually paid in cash but was paying by transfer as her landlord was away. Revolut asked if Miss O already lived at the property and had paid her landlord previously, and she confirmed she had. Revolut said they would allow the payment to proceed and Miss O was able to make the payment.

The scammer told Miss O he'd call back on the 11 October 2022. In the meantime Miss O checked her council tax online and saw the payment hadn't been credited to her account. And when she didn't receive the phone call, and was unable to get through to the scammer on the number they'd provided, she became suspicious she'd been the victim of a scam. She reported the scam on the morning of 13 October 2022.

Revolut asked Miss O for some more information about the scam, which she gave to them over the course of the day. On the morning of 14 October 2022 Revolut attempted to recover the payment from the beneficiary bank. But the beneficiary bank didn't reply to their recovery attempt.

Miss O complaint to Revolut about what had happened, and they issued their final response letter on 15 December 2022. They said, in summary, that they didn't think they were liable for Miss O's loss to the scam.

Miss O remained unhappy with Revolut's response to her complaint, and brought it to our service.

Our investigator didn't uphold Miss O's complaint, and neither did a second investigator who reviewed things again. Because Miss O disagreed, her complaint was passed to me for review and a decision.

I issued my provisional decision on 23 April 2024. This is what I said:

I'm really sorry to learn about what happened to Miss O. There's no dispute that she's been the victim of a scam, and I can understand why she would think she should receive a refund of the money she lost. But I don't think that I can fairly say that Revolut should refund the money she lost. I'll explain why.

It's not in dispute that Miss O authorised the payment. And Revolut do have a duty to act on her instructions. But in some circumstances, Revolut, as a regulated electronic money institute (EMI), should take a closer look at the circumstances of the payments – for example, if they ought to be alert to a fraud risk, because the transaction is unusual, or looks out of character or suspicious. And if so, Revolut should intervene, for example, by contacting the customer directly, before releasing the payments. I'd expect any intervention to be proportionate to the circumstances of the payment.

As I've set out, Revolut did intervene here when Miss O attempted to make the payment by contacting Miss O via their in-app chat function. Revolut have told us this was because they had identified the transfer as being out of character. But I think it's also likely this was prompted by Miss O selecting the reason for her payment as a 'transfer to a safe account' – as this is well known to be a type of scam (although not the type of scam Miss O was experiencing at that time.) So, I would expect Revolut to have established that Miss O had selected that reason for the payment in error, before allowing it to proceed.

When Revolut contacted Miss O about the payment she said immediately that she knew the beneficiary of the payment, as she was paying rent owed to her landlord, which she usually paid in cash but was paying by transfer as he was away. And when asked for second time she gave the same reason. And I think this reason would have been plausible to Revolut, as it's not out of line with the circumstances or the size of the payment.

I think if Miss O had answered Revolut's enquiries by explaining the genuine circumstances which had led her to attempt the payment, it would probably have been enough to identify that this was a scam. I do understand Miss O was being told what to say by the scammer, but I can't see anything in the conversations that took place which would have led Revolut to suspect that Miss O wasn't being honest about the nature of the payment, or that ought to have prompted them to ask more questions than they did.

Given the relatively low value of the payment, and the reasonable explanation for the payment provided by Miss O, I don't think Revolut were unreasonable to conclude that Miss O was unlikely to be at risk of financial harm here after discussing the payment with her. In these circumstances, I wouldn't have expected Revolut to have probed further before releasing the payment. So, I don't think Revolut ought to have done more here before allowing the payment to go through.

Revolut's terms and conditions are clear in that their main form of communication will be via the app, even in cases of fraud. So, while I understand why Miss O may think a phone call may have been more effective in uncovering the scam, I don't think I can reasonably conclude that Revolut should have communicated with Miss O in a different way here.

There are industry standards around attempting recovery of payments where a scam is reported. Revolut should have attempted to recover Miss O's payment immediately on being told of the scam. Miss O reported the scam on the morning of 13 October 2022 – three days after the payment was made. Revolut didn't contact the beneficiary bank until the morning of the next day, and the beneficiary bank didn't reply to their attempt to recover the payment.

I think Revolut could have contacted the beneficiary bank more promptly than they did. But as the scam was reported over 24 hours since the payment had been made, I think it's unlikely any funds would have remained to recover even if they'd done so. So, while I think Revolut could have acted more quickly to recover Miss O's payment, I don't think this would have made a difference to whether the payment could have been recovered.

Miss O has explained that she is a vulnerable customer, and she's provided supporting evidence of this. She's referred to the provisions for vulnerable customers laid out in the contingent reimbursement model (CRM) code, which provides customers with protections where they've been victims of the type of authorised push payment scam Miss O has experienced. But CRM is a voluntary code, and only applies to those businesses which have signed up to it. And Revolut aren't signatories to CRM, so I can't apply it to Miss O's circumstances. Ultimately, I haven't seen anything to show that Revolut were, or should have been, aware of Miss O's vulnerabilities at the time of the scam payment, such that they ought to have done anything differently at that time.

I understand that the scammer was very convincing and I've no doubt Miss O felt overwhelmed and confused. I know this outcome will be very disappointing. However, for the reasons I've explained, my provisional decision is that I don't think Revolut ought to have done more to prevent Miss O's loss. So, it wouldn't be reasonable for me to ask them to refund the payments Miss O made.

My provisional decision is that I'm not upholding Miss O's complaint.

I asked Miss O and Revolut to reply with anything they wished to add by 7 May 2024 – but neither party replied.

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.

Neither party replied to my provisional decision. So, I see no reason to depart from it.

My final decision

My final decision is that I'm not upholding Miss O's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 8 June 2024.

Helen Sutcliffe
Ombudsman