

The complaint

Mr E complains that Revolut Ltd ('Revolut') won't refund the money he lost when he fell victim to a scam.

What happened

Mr E says that he saw an advert for an investment with a company I'll call J on social media. He got in touch to get some more information and received a call from someone who said he'd be Mr E's account manager and could trade on his behalf. Mr E looked J up online and found it was a genuine company. What he didn't know at the time was that J was a clone of a genuine company and he was dealing with scammers. He was helped to set up an account on J's platform.

On 2 May 2023 Mr E made a bank transfer of £1,500 to a company to invest through J. Over the next few months Mr E was pleased with the profits he could see on the platform. In around September 2023 Mr E wanted to withdraw his funds. He was told that he needed to pay the trader 20% of his profit before his funds could be released. On 6 September 2023 Mr E paid £2,390 to a different company. Shortly after, the representative of J cut contact with Mr E and he realised he was the victim of a scam.

Mr E contacted Revolut through its chat on 7 September 2023 to say that he wanted to recall the transaction made the previous day. Revolut explained the transfer had been completed. Mr E's representative then sent a letter of complaint to Revolut in September 2023. The letter explained that Mr E had fallen victim to a scam and didn't think Revolut did enough to protect him at the time the payments were made.

Revolut didn't agree to reimburse Mr E. It said the payments were authorised and it provided appropriate scam warnings.

Mr E was unhappy with Revolut's response and brought a complaint to this service.

Revolut told this service that it provided a new payee warning in respect of each transaction. When the second transaction was made, Mr E was given information about scams and asked to provide the payment purpose. He chose the safe account payment reason and was asked a series of questions relating to safe accounts. Revolut say that had Mr E said the payment related to an investment he would have been provided with more specific information.

Our investigation so far

The investigator who considered this complaint didn't recommend that it be upheld. He said there was nothing unusual about the May 2023 payment, so Revolut acted reasonably in processing it. When Mr E made the second payment, he chose safe account as the payment reason so the investigator said Revolut should have asked him some questions to ensure he wasn't falling victim to a scam. But the investigator didn't think such intervention would have made a difference. This was because Mr E explained that he didn't know what a safe account was, but the scammer advised him to give this payment reason. He felt Mr E would have given the responses the scammer told him to, and the scam would not have been uncovered.

Mr E didn't agree with the investigator's findings, so his complaint has been referred to me to decide. He said human intervention was required in this case and made the following points:

- He agreed that he provided an incorrect payment reason. Mr E said he thought his funds were going to a trusted account, so the safe account option made sense to him and what the scammer told him seemed plausible.
- Further intervention would have made a difference. Mr E says that had Revolut told him what a safe account looked like he'd have been suspicious of what the scammer was telling him, and the scam would have been uncovered. He went on to say he'd have told Revolut the truth.

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.

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.

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 that when the payments were made 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;
- 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); and
- 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) and the different risks these can present to consumers, when deciding whether to intervene.

Mr E opened an account with Revolut to make the scam transactions, so Revolut had no information about his usual spending patterns. The first transaction Mr E made was relatively low in value and there was nothing obviously concerning about it. So I don't consider Revolut ought reasonably have taken any additional steps before this payment was made.

The second transaction was also relatively low in value and was made months after the first, so a concerning pattern of payments hadn't emerged. So I wouldn't have expected Revolut to intervene. But, when this payment was made, Revolut presented Mr E with a screen that said:

"Something doesn't look right

Your transaction has been flagged by our system as a potential scam. To continue, we need to ask you some questions."

Mr E was then asked the reason for the payment. He chose the safe account option and says this is because the scammer advised him to do so, as it was the best way for funds to reach the relevant account safely. Revolut then asked Mr E a series of questions. I have set these questions out below together with Mr E's responses (which are in italics):

Please answer truthfully

If you're being scammed, the fraudster may ask you to hide the real reason for this payment

I understand

Is anyone telling you how to answer these questions?

Is someone telling you which option to choose or telling you this is urgent?

No, I am not being assisted through this questionnaire

Why are you making this transfer?

We'll only use this information to help protect your account

Transfer to my other account

What kind of account?

This helps us identify your level of risk

Checking or savings account in another bank

Mr E was asked some additional questions about whether he had been asked to install software, whether he had been told his account wasn't safe, and whether the transfer was to an account in his control.

Given that Mr E chose the safe account payment reason, I'd expect Revolut to take some additional steps to satisfy itself that the payment reason was chosen in error rather than because Mr E was making the payment as the victim of a scam. The questions Revolut asked Mr E were aimed at establishing this point. But the answers Mr E provided to Revolut didn't reflect what was actually happening at the time. Instead, Revolut could reasonably be reassured from the answers provided that Mr E wasn't falling victim to a safe account scam.

I think Revolut should have picked up that some of Mr E's responses were possibly incorrect. He said he was transferring funds to his own account but the payee name was not his (although it might have been a company he was a director of). But I think even if Revolut had asked an additional question, Mr E wouldn't have revealed the real reason for the payment. Revolut had already advised Mr E to answer truthfully and that fraudsters might ask him to hide the reason for the payment. Mr E didn't heed this advice and followed the instructions of the scammer. So I can't fairly say an additional question would have changed anything.

I'm satisfied Revolut did what it could to recover Mr E's funds when the scam was reported by his representative. Before this Mr E asked Revolut to recall a payment but did not say it related to a scam.

Overall, whilst I'm very sorry to hear Mr E has lost money as a result of a cruel scam, I can't fairly ask Revolut to reimburse him.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 2 December 2024.

Jay Hadfield
Ombudsman