

The complaint

Mr W has complained Revolut Ltd did nothing to intervene and stop payments he made which turned out to be a safe account scam.

What happened

In 2023 Mr W received a phone call from someone purporting to be from Revolut. They alerted him to suspicious transactions on his account which they'd become aware of as they were taking place elsewhere from where they knew Mr W resided. They also successfully identified Mr W's mobile device and previously cancelled card.

Mr W received a further call from someone supposedly within Revolut's fraud department. Mr W also received text messages to his mobile from the number he'd identified previously as one Revolut used to contact him. This helped to reassure him that the person he was talking to was a genuine Revolut employee. Over a two-hour period, Mr W transferred over £90,000 to six named individuals. He believed these were also Revolut employees. He'd received confirmation of their employee numbers.

After a payment was declined, Mr W was concerned enough to contact Revolut direct. They confirmed he was the victim of a scam. They were able to obtain £17,227.37 back from accounts where the money had been sent but told Mr W they wouldn't be refunding any further funds to him as he authorised the transactions.

Mr W brought his complaint to the ombudsman service.

Our investigator confirmed he was going to ask Revolut to refund certain payments to Mr W. However, he felt that Mr W's actions – in not identifying how he was going to recoup his funds which he was paying to six unknown individuals – had contributed to what had happened and that Revolut should only refund half of Mr W's losses from the seventh payment onwards. Revolut could also subtract the refunds Mr W had already received from the amount to be paid to him.

Revolut accepted this outcome. Mr W didn't and questioned his contribution to the fraud and felt that adequate warnings should have been provided from the beginning of the transactions.

Mr W asked an ombudsman to review his complaint.

I completed a provisional decision on 5 September 2024. I confirmed I would be asking Revolut to repay slightly more as I felt they should have identified the risk and undertaken action slightly earlier than our investigator.

Mr W accepted this outcome. No response was received from Revolut.

I now have all I need to complete 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.

Having done so, I've decided to make a small adjustment to the redress to be paid to Mr W. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

I don't dispute Mr W was scammed and has lost a considerable amount of money. He has my sympathy about what he has gone through.

Firstly, I can confirm – as our investigator did – that transactions carried out by Revolut as a crypto exchange service are not covered by our rules. So, I have no power to consider Mr W's complaint about those.

There's no dispute that Mr W made and authorised ten individual payments varying from £10,000 to £3,417.77 to six named individuals. These transactions all took place within one hour 50 minutes.

There's no dispute the transactions were authorised under the Payment Services Regulations 2017

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.

But, 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 2023 that 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;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- 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 including card payments);
- 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, including the use of payments to cryptocurrency accounts

as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

I'm satisfied that Revolut ought to have recognised that these payments carried a heightened risk of financial harm from fraud because of the value of the transactions and the number of new payees being set up on Mr W's account.

I think that a proportionate response to that risk would have been for Revolut to have intervened.

It is clear from the evidence submitted to our service by Revolut that they did provide warnings. Mr W was sent generic warnings. These specifically highlighted that Revolut would not be asking Mr W to carry out these transactions.

It's clear from Mr W's testimony that the scammers held a spell over him. Their actions to spoof text messages encouraged Mr W to believe he was dealing with Revolut. However, at no stage can I see that Mr W felt the need – including the period between the two phone calls – to call or message Revolut direct to check whether the calls he was receiving were genuine. I'm sure that if he'd done so, Revolut would have confirmed they were not.

However, I am not convinced that the warnings Revolut provided or the action they took was enough. I say this because, although Mr W's account use included high-value transactions, the number, frequency pattern, the number of new payees being set up – which wasn't something Mr W did as a habit – are all indicative of a scam and I think Revolut should have done more to protect Mr W.

I believe the right time for them to have taken further action was at the time the third new payee was set up. This was within 40 minutes of the first new payee and 20 minutes of the second new payee. This means that all payments from and including the fifth payment for £3,417.77 should be refunded to Mr W.

I'm going to be asking Revolut to pay half of Mr W's losses from the time I believe they should have intervened. I say this because:

- Mr W did not act on warnings he got from Revolut about them not asking him to make payments of this type;
- I'm aware Mr W says he was reassured that the individuals provided employee numbers, but Mr W still seemed willing to send his funds to six-named individuals he didn't know.
- Mr W had no knowledge about how these significant funds would be returned to him;
- There was a period between the phone calls when Mr W could have taken action to discover what Revolut would do in the circumstances where fraud had been identified.

Putting things right

This means that there are six payments totalling £51,317.77 to be refunded. The refund Mr W has already received of £17,227.37 will need to be taken off that amount and then half of the remaining funds should be paid to Mr W.

8% simple interest on £34,090.40 from 7 December 2023 to the date of settlement will also need to be added to the redress paid to Mr W.

I've reviewed Mr W's arguments about why he should receive more but I've shown above why I disagree.

My final decision

For the reasons given, my final decision is to instruct Revolut Ltd to:

- Refund half of the payments made by Mr W from and including the payment made at 18:04 on 7 December 2023 after deducting the money already recouped; and
- Add 8% simple interest to all the payments made by Mr W from and including the payment made at 18:04 on 7 December 2023 after deducting the money already recouped until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 21 October 2024.

Sandra Quinn
Ombudsman