

The complaint

Mr S is unhappy that Revolut Ltd won't refund the money he lost as the result of a scam.

What happened

Below is a list of the transactions Mr S has identified as fraudulent (the payments were all card transactions and went to three different merchants):

Payment date	Payment time	Payment amount	Merchant no.
2 March 2023	11:53:04	£50.00	1
2 March 2023	11:59:48	£50.00	1
20 March 2023	08:17:31	£50.00	1
21 March 2023	10:21:22	£204.18	2
28 April 2023	14:07:01	£399.50	2
28 April 2023	14:43:37	£199.54	3
28 April 2023	14:52:36	£199.36	3
28 April 2023	15:38:34	£198.94	3
2 May 2023	08:14:43	£240.80	3
14 May 2023	21:16:06	£80.38	3
19 May 2023	08:43:35	£80.64	3
19 May 2023	16:19:34	£80.34	3
31 May 2023	17:25:03	£323.11	1
1 June 2023	08:39:25	£80.56	1
1 June 2023	08:41:18	£80.55	1
1 June 2023	09:05:45	£80.53	1
1 June 2023	09:09:09	£805.25	1
1 June 2023	10:39:48	£803.68	1

1 June 2023	13:50:30	£80.06	1
1 June 2023	15:10:39	£79.94	1
3 October 2023	05:17:23	£166.01	1
4 October 2023	11:06:35	£82.56	1
2 November 2023	09:21:22	£100.00	1
2 November 2023	12:32:57	£100.00	1
3 November 2023	13:01:58	£100.00	1
3 November 2023	15:57:08	£100.00	1
3 November 2023	17:04:22	£200.00	1
6 November 2023	08:37:23	£100.00	1

What Mr S told us:

Mr S says he's fallen victim to an investment scam. He engaged with three purportedly reputable trading investment firms to manage his funds in the forex market. He used his Revolut debit card to deposit funds, with the expectation of significant profits and financial gains. However, contrary to the promised returns, all three companies incurred losses, resulting in the complete depletion of his funds.

Revolut failed to safeguard his interests – it did not detect irregular activity or intervene to prevent the payments.

What Revolut told us:

- Mr S authorised the disputed payments, and Revolut is obliged to execute valid payment instructions.
- The payments didn't trigger Revolut's security systems and thus, there was no intervention.
- Revolut does not have a valid chargeback right under the relevant card scheme rules in relation to the payments.

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 and the terms and conditions of the customer's account.

Here, it's not in dispute that the payments were authorised, so the starting position is that

Revolut isn't liable for the transactions.

There are, however, some situations where we believe that businesses, taking into account relevant rules, codes and best practice standards, shouldn't have taken their customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Revolut also has a duty to exercise reasonable skill and care, pay due regard to the interest of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable customers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Revolut acted fairly and reasonably in its dealings with Mr S.

I'd like to assure Mr S and Revolut that I've reviewed the complaint carefully in light of all this. I'm really sorry to disappoint Mr S, but in this case I'm not able to recommend that Revolut should be required to provide him with a refund.

I recognise that he made the payments as a result of fraud and I'm really sorry he lost his money. But having looked into what happened, I don't think Revolut should reasonably have been expected to prevent this.

Revolut can't be expected to intervene with every payment a customer makes. It must strike a balance in the extent to which it intervenes in payments, against the risk of unduly inconveniencing or delaying legitimate payment requests.

Having considered what Revolut knew about the payments at the time it received the payment instructions, I'm not persuaded that its fraud detection systems ought to have identified a fraud risk.

I've looked at Mr S' account statements in the six-months preceding the scam, and I don't think the relevant payments were so unusual or suspicious in comparison to the normal account activity that they ought to have alerted Revolut that Mr S may be at risk of financial harm. I say this because:

- Mr S tended to use his account frequently. It was a common occurrence for him to make multiple card transactions in a single day, sometimes to the same merchant.
- The payments were fairly low-value, and in line with the values of other, non-fraudulent payments Mr S instructed.
- The payments were relatively spread out. They were instructed over an eight-month period, with several breaks in activity, and there were no fraud claims made about the merchants involved during the period of the scam. They never drained Mr S' account of funds and/or decreased the account balance to an unusually low level and they didn't increase exponentially. This is unusual in cases of fraud. The aim of fraudsters, generally, is to procure as much money as they can, as quickly as possible, before they are uncovered.
- It appears that the payments were made to legitimate companies, and I can't see that any warnings had been published about those companies at the time.
- Mr S has said that the payments weren't made in GBP, but I'm not persuaded that, in itself, ought to have caused Revolut concern.

Based on the circumstances of the transactions (as I've explained above), I don't think there were sufficient grounds for Revolut to think that Mr S was at risk of financial harm from fraud when he made the payments. So, I can't say Revolut was at fault for processing the payments in accordance with Mr S' instructions.

Recovery of funds

I've also looked at whether Revolut took the steps it should have once it was aware that the payments were the result of fraud.

My understanding is that the relevant chargeback rules mean it's unlikely a chargeback will be successful where an authorised payment has been made to a genuine merchant, as appears to be the case here. Scammers often trick people into paying for genuine goods and services which are then provided to the scammers, but this does not create a chargeback right against the merchant. Overall, where the prospect of success seems to have been very low, I consider it was reasonable for Revolut not to have pursued chargeback claims for the card transactions.

Conclusion

I recognise that Mr S has been the victim of a cruel scam and I'm sorry he lost this money. But for the reasons I've explained, I think Revolut acted fairly and reasonably in its dealings with Mr S, so I won't be asking it to refund him.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 9 December 2024.

Kyley Hanson
Ombudsman