

The complaint

Ms V is unhappy that Revolut Ltd (Revolut) won't refund the money she lost to a scam.

What happened

In early March 2024, Ms V signed up to a well-known re-selling platform (that I'll call T) to sell some unwanted items. On 6 March 2024, she received a message confirming a buyer had made a payment for an item she was selling. She was told to click a link to a form to receive the funds. She clicked the link and entered the card details of her account with another bank (Bank L). After a second attempt at this, Ms V checked the banking app for her Bank L account to find that £299 had debited and re-credited her account.

On 7 March 2024, when Ms V logged into her T account, she saw a message telling her to finalise the verification process, so again, she entered her card details. Ms V received a message on T's support chat function informing Ms V about system failures with her Bank L card. She was told to download the Revolut app and open an account as her Bank L details didn't pass verification. Ms V already held an account with Revolut, so she was told to top this up to pass verification. She'd then receive a push notification to her banking app, with a random amount selected and she needed to confirm this to become a verified seller. The fraudster explained the payments would be held in their payment gateway and then would be returned back to her after a few seconds.

After some difficulty making the payments, Ms V received a call back from who she understood to be one of T's employees. Unbeknown to Ms V, she was speaking to a fraudster. The fraudster tricked Ms V into making the following card payments from her Revolut account:

- £427.50 at 08:47
- £427.00 at 09:55
- £34.90 at 09:58

She understood she was making these payment to push through payments that were stuck in T's payment gateway. But when the fraudster asked Ms V to make further payments, she suspected she'd been scammed. So, she contacted Revolut the same day to report that she'd been scammed, and she raised a chargeback claim.

Revolut declined Ms V's claim as it said there was no evidence of fraudulent activity on her account, because she had authenticated the payments using a 3DS secure verification process by logging into the Revolut app and approving the payments. Ms V does not dispute she did this but says she did so because she was tricked.

Ms V is unhappy that Revolut didn't warn her that she might be being scammed. However, Revolut said it had no reason to suspect Ms V was being scammed. It said:

- As her account had not been used since November 2021, there was no established pattern of activity to assess

- The payments were not high in value
- The payments went to legitimate and well-known merchants

Our Investigator looked into Ms V's complaint, but they didn't uphold it. They agreed that the payments Ms V made weren't indicative of financial harm due to fraud or a scam. So they didn't think Revolut had made any errors in processing the payments in accordance with Ms V's instructions. Nor did they think that Ms V's chargeback claim had a reasonable prospect of success.

Ms V didn't accept this. She made the following arguments:

- She feels strongly she should be refunded as she was socially engineered by the fraudster. She has been coerced and should be refunded as she fell victim to a scam
- Bank L told Ms V had the loss occurred on their account, it would have refunded her. Revolut, as an electronic money institution (EMI) should not be treated differently to a high street bank.
- There was no message from Revolut to warn her of the possibility of it being a scam. So Revolut failed to protect her.

As no agreement could be reached, this case was passed to me to be decided.

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.

Whilst it's not in dispute that Ms V has fallen victim to a cruel scam, and I'm sorry she lost this money, this does not mean she is entitled to an automatic reimbursement from Revolut.

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.

There's no dispute that the payments were authorised. Ms V has confirmed that she understood she had to make payments as part of a verification process, and she approved them within the Revolut app using the 3DS secure verification process. So the starting position is that Revolut is not liable for Ms V's loss.

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 March 2024 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 in relation to card payments);

- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving and the different risks these can present to consumers, when deciding whether to intervene.

In light of the above, I've considered whether Revolut can fairly and reasonably be held liable for Ms V's loss. However, in this case I'm not persuaded that the payments Ms V made ought to have given Revolut cause for concern that Ms V might be falling victim to a scam. I know this will be disappointing for Ms V, so I'll explain why I've reached this outcome.

Ms V opened her Revolut account on 2 November 2021, and only made four transactions prior to the scam, which were all made in November 2021. So Revolut didn't have the benefit of knowing whether the activity was typical for Ms V or not. However, I'd expect Revolut to consider the information known to it at the time, to assess the risk associated with a payment or series of payments.

In this case, Ms V made three payments on 7 March 2024. Each of these payments were funded by a credit into Ms V's Revolut account from her external bank account, a few minutes before each disputed payment. Whilst the payments were made in a relatively short period of time, I don't agree that any concerning pattern emerged.

I also don't doubt this is a devastating amount of money to lose, but the values of the payments are not of a value which reasonably ought to have given Revolut any concern. I'm also mindful that the first two payments went to a legitimate money remittance company and the final payment went to a legitimate social media messenger service. So there was no reason for Revolut to have been concerned about the destination of the funds.

Overall, whilst I understand Ms V has been the innocent victim of a cruel scam, and I'm sorry she lost this money, I don't think the payments were sufficiently concerning for Revolut to have intervened and given a warning, before they were processed.

I've also considered whether Revolut could have done more to recover Ms V's payments once she reported the scam. Ms V confirmed she did authorise the payments, and they went to legitimate merchants who likely would have provided the services paid for. So, I'm afraid, there are no reasonable grounds to suggest that a chargeback claim would have been successful, and I don't think Revolut made a mistake by declining to pursue a chargeback further.

My final decision

For the reasons I've explained, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms V to accept or reject my decision before 19 July 2024.

Meghan Gilligan
Ombudsman