

The complaint

Ms P complains that Revolut Ltd won't refund the money she lost when she was the victim of a scam.

What happened

In October 2023, Ms P received a phone call from someone who said they worked for Revolut and had noticed a suspicious transaction on her account. When Ms P said she didn't make the transaction, the caller said her account had been compromised and so she would need to move her money to a new 'safe' account they would set up for her. They also said accounts she held with other banks had also been compromised, and so she should move the money from them through her Revolut account to the new account as well. And as Ms P believed the call was genuine, she then made two payments out of her Revolut account using her debit card to what the caller told her were vaults for her money.

I've set out the payments made from Ms P's Revolut account below:

Date	Details	Amount
19 October 2023	To 1 st payee	£5,400
19 October 2023	To 2 nd payee	£2,800

Unfortunately, we now know the caller was a scammer. The scam was uncovered when the caller didn't call Ms P back the following day as they said they would. Ms P then realised she had been the victim of a scam and contacted Revolut to report the payments.

Revolut investigated and said it had warned Ms P about scams before she made the payments, but she had still chosen to continue with them. It also said it had done all it could to try to recover the payments. So it didn't agree to refund the money Ms P had lost. Ms P wasn't satisfied with Revolut's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They thought the action Revolut had taken was proportionate to the risk associated with the payments, and didn't think we'd have expected it to do any more. So they didn't think Revolut should have to refund the payments Ms P made. Ms P disagreed with our investigator, so the complaint has been passed to me.

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 in October 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);
- 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.

But even if Revolut had taken the action I would have expected it to take after recognising that Ms P was at heightened risk of financial harm from fraud when making these payments, I don't think it would have prevented her loss. I'll explain why below.

I'm satisfied Revolut ought to have recognised that Ms P was at heightened risk of financial harm from fraud as a result of the first payment here. The payment was for a significant amount and was identifiably related to cryptocurrency, which around this time I think Revolut should have recognised meant it carried an elevated risk of being related to a fraud or scam.

I think a proportionate response to the risk I think Revolut should have identified would have been for it to ask Ms P a series of questions in order to try to establish the actual scam risk, and then to provide her with a written warning relevant to that risk. But, had it done this, I'm not persuaded that it would have prevented Ms P's loss.

Before this first payment was made, Revolut stopped several other payments Ms P attempted to the same payee. It sent her a message that the payments had been declined to protect her as they could be a scam, and asked her to review the risks it highlighted. It then asked whether anyone was guiding her or giving her instructions over the phone, and asked her to select the purpose of the payment from a list of options. But despite telling our service that the caller was helping her and knew every response to press in the Revolut app, Ms P answered that she wasn't being guided. And despite being given the option to select that the purpose of the payment was 'transferring to another account', which seems to more accurately reflect what she thought was happening, Ms P selected that the payment was for 'something else'.

Revolut then showed Ms P a series of warnings, including that she should be wary of unexpected calls and that if someone on the phone was urging her to do something quickly, to hang up and call the institution directly to verify it was them. It also showed a warning

which said that she should never ignore these warnings and that, if she had been told to ignore the warnings, then to stop because it was a scam. But Ms P continued to unblock her account and make the first payment to that payee.

So even if Revolut had asked more open-ended or more probing questions to establish the actual scam risk, I think Ms P would likely not have given it accurate information about the purpose of the payment or the circumstances surrounding it – as happened with the questions she was asked. And even if Revolut had shown Ms P a more tailored warning that was more relevant to her circumstances, I think she would still have continued to make the payments – as she did following the warnings Revolut did show her. And so I don't think anything I would have expected Revolut to have done would have stopped Ms P making the payments or losing the money she did here.

I appreciate that Ms P has been the victim of a cruel scam and that my decision will come as a disappointment to her. She has lost a significant amount of money and I sympathise with the position she has found herself in. But I can only look at Revolut's responsibilities and, for the reasons I've set out above, I don't think anything I would reasonably have expected Revolut to have done would have prevented the loss she suffered. And so I don't think it would be fair to require Revolut to refund the money Ms P has lost.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 18 October 2024.

Alan Millward
Ombudsman