

The complaint

Mr L complains that Revolut Ltd won't reimburse him after he fell victim to a car purchase scam.

Mr L is professionally represented in bringing his complaint to our service, but for ease of reading, I'll refer to all submissions as being made by Mr L directly.

What happened

The background to this complaint is well known to both parties, so I won't repeat it in detail here. But in summary, I understand it to be as follows.

In or around October 2023, Mr L was looking to purchase a new car and found one he was interested in on an online market platform, priced at £4,650. Mr L made enquiries about the car's availability and was directed to, what appeared to be, the website for a vehicle sales webpage, where the car he was interested in was advertised, along with around 200 others. Unfortunately, unknown to Mr L at the time, this was in fact a fraudulent website.

After completing some checks on the car in question, Mr L selected to buy it through the webpage and was provided with documentation to electronically sign. He was directed to pay a deposit of £1,160 to secure the vehicle, which he did through another of his bank account providers. He made the payment to a personal account by bank transfer, which he was led to believe was the sales agent's account. A couple of days later, Mr L was directed to pay the remaining account balance. He tried to make this payment again through his other bank account, but the payment was stopped. His bank advised him the payment may be fraudulent and to conduct further checks on the car and firm.

Mr L explains he completed further checks, but in order to get the money sent as soon as possible, then transferred funds to his Revolut account to complete the transfer. When Mr L's car was due to arrive and he was unable to contact the fraudulent company, he realised he'd been the victim of a scam and contacted Revolut to make a claim.

Revolut looked into his claim but didn't reimburse him. It said that when Mr L made the payment in question, it provided a warning message which stated:

'Do you know and trust this payee? If you're unsure, don't pay them, as we may not be able to help you get your money back.'

Revolut also said that it didn't consider the payment to have been unusual or suspicious, and activity was in line with the reason Mr L had provided for opening his Revolut account (transfers).

Mr L disagreed and so referred the complaint to our service. He said he rarely uses his Revolut account, so funds entering and leaving the account rapidly ought to have caused concern to Revolut.

An investigator considered Mr L's complaint but didn't uphold it. She considered that the warning message Revolut provided was proportionate to the risk identified and that the payment wasn't so out of character that it was required to intervene further, prior to processing the payment.

Mr L disagreed with the investigator's opinion so the complaint has been referred to me for a 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, while I'm sorry to disappoint Mr L, I'm not upholding his complaint. I appreciate this isn't the outcome he was hoping for, but I've explained my reasons for reaching this outcome below.

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

However, 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 in October 2023, when this payment was 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.

It isn't in dispute that Mr L has fallen victim to a cruel scam here, nor that he authorised the disputed payment he made from his account, but I've thought about whether Revolut should have reasonably intervened prior to processing the payment.

I've reviewed Mr L's bank statements for the 12 months prior to the scam and can see that Mr L's Revolut account was rarely used in this time – with only around three payments being made other than transfers between Mr L's own accounts. While I appreciate Mr L's comments that this ought to have caused this larger fraudulent transaction to appear suspicious to Revolut, I think it also means that Revolut has less customer information to rely on when determining what *is* usual spending for Mr L, versus what is a one off larger, genuine payment.

Irrespective of this, Revolut processes thousands of genuine transactions daily and therefore has a difficult balancing act to strike between protecting its customers from financial harm, and not overly inconveniencing its customers making genuine payments. Considering the value of this payment, I can't conclude that Revolut acted unreasonably by not making further enquiries prior to processing it, and on this basis, I don't hold it liable for refunding Mr L's losses.

Recovery of funds

Lastly, I've considered whether Revolut did all it could to recover Mr L's funds once it was made aware of the scam. Revolut has said that upon receiving details of the scam, it attempted to recover Mr L's funds that same day but unfortunately no funds were available. Unfortunately, when scams occur, it's commonplace for the fraudster to move funds almost immediately from the beneficiary account, to avoid potential recovery by the victim's bank. I therefore think it's unlikely any swifter action on Revolut's part would've aided it in recovering Mr L's funds.

Therefore, while I'm sorry to disappoint Mr L, I haven't concluded that Revolut is liable for his losses and it therefore follows that I don't require it to reimburse him.

My final decision

My final decision is that I don't uphold Mr L's complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 3 September 2024.

Kirsty Upton
Ombudsman