

The complaint

Ms B and Mrs B complain that Revolut Ltd won't refund the money they lost when they were the victims of a scam.

What happened

In August 2022, Ms B received a phone call from someone who said they worked in the fraud department at another bank she had an account with and that her account was at risk so she needed to move her money to a 'safe' account. Ms B asked the caller to discuss it with her daughter, Mrs B, and the caller then told Mrs B to open an account with Revolut so Ms B's money could be transferred there.

Mrs B opened an account with Revolut. And the caller then told her to transfer all of the money from Ms B's account into the Revolut account, and then to make two payments out of the Revolut account to payment details they gave her for holding accounts – which Mrs B did.

I've set out the payments made from Mrs B's Revolut account below:

Date	Details	Amount
10 August 2022	To 1 st payee	£100
10 August 2022	To 1 st payee	£4,900
10 August 2022	To 2 nd payee	£100
10 August 2022	To 2 nd payee	£3,000
10 August 2022	To 2 nd payee	£300

Unfortunately, we now know the caller was a scammer. The scam was uncovered after the caller asked Mrs B to delete copies of all the communication they had with her. Mrs B then became suspicious and realised she and Ms B had been the victims of a scam.

Revolut investigated but said it didn't think it had made a mistake in processing the payments Mrs B authorised and had done all it could to recover the money she lost. So it didn't agree to refund the payments she had made. Ms B and Mrs B weren't satisfied with Revolut's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They didn't think anything we would have expected Revolut to have done would have uncovered the scam. So they didn't think Revolut should have to refund the money Ms B and Mrs B lost. Ms B and Mrs B 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.

The Revolut account the payments were made from was set up in Mrs B's name. But as the money for the payments initially came from Ms B's account with another bank, she has also been added to 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 August 2022 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;
- 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 recognised that Mrs B was at heightened risk of financial harm from fraud when making some of these payments, I don't think the action I would have expected it to take would have prevented her and Ms B's loss. I'll explain why below.

I'm satisfied Revolut ought to have recognised that Mrs B was at heightened risk of financial harm from fraud by at least the point she made the fourth payment here, for £3,000 to the second payee. At this point, Mrs B had tried to make four payments to two new payees she'd never made payments to before. The payments had all been made in quick succession, in less than an hour. And they'd been made immediately following a large credit into the account. And as this is similar to a pattern of payments often seen when customers are falling victim to a scam, I think Revolut should have recognised a risk here.

I think a proportionate response to the risk I think Revolut should have identified would have been for it to provide Mrs B with a tailored warning that covered the scam risk it had identified. But, even if it had done this, I'm not persuaded that it would have prevented Ms B and Mrs B's loss.

Mrs B has said that, when Ms B's bank asked about the money being transferred to Revolut, the caller told her not to say anything about them being on the phone with her and to say Ms B was just lending her some money. And from what I've seen of Ms B's communication with her bank, she said no-one had asked her to make the payments, she hadn't received a call asking her to move money and there wasn't anyone guiding her on how to answer the questions – despite these things not being correct.

So even if Revolut had asked about the purpose of this fourth payment, I think it's likely Ms B and Mrs B wouldn't have given it accurate information about the purpose of it or the circumstances surrounding it – as happened with the questions they were asked by Ms B's bank. And so I don't think any warning Revolut would then have showed Mrs B would have been relevant to the circumstances of the payment or would have stopped her from making it.

I appreciate that Ms B and Mrs B have been the victims of a cruel scam and that my decision will come as a disappointment to them. They have lost a significant amount of money and I sympathise with the position they have found themselves 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 they suffered. And so I don't think it would be fair to require Revolut to refund the money Ms B and Mrs B have lost.

We also expect firms to take reasonable steps to recover the money their customers have lost, once they are made aware of a scam. But, based on what I've seen here, I don't think anything I would have expected Revolut to have done would have led to any of the money Ms B and Mrs B lost being recovered.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B and Mrs B to accept or reject my decision before 11 October 2024.

Alan Millward
Ombudsman