

The complaint

Miss A is unhappy that Revolut Ltd won't reimburse her money she lost as a result of falling victim to fraud.

What happened

As the circumstances of this complaint are well-known to both parties, I've summarised them briefly below.

Miss A found a job advert online for a role that was located internationally. She contacted the recruiter listed in the advert and expressed an interest. Unfortunately, unbeknown to Miss A at the time, she was in fact speaking with a person intent on defrauding her.

Miss A was provided a website for the company she was applying to work on behalf of and was given an interview date, which was carried out via telephone. Miss A says that the interview appeared genuine, and she was asked questions she'd typically expect. At the end of the call, she was offered the job.

Miss A was asked to provide a number of documents along with her personal information, which she provided. She was then given a contract of employment which she signed and sent back.

Miss A was then told that she'd have to pay for a number of services to facilitate her move to the country where the job was based. She was told that these expenses would be paid back to her once she'd started the role, as stated in her contract. Miss A was instructed to make payments for her visa, flights, right to work certification and tax.

On 6 February 2024, Miss A used her Revolut account to exchange £1,506.34 to foreign currency. She then transferred this sum from her Revolut account to the account details provided by the fraudster.

Miss A was then contacted again and told she had to pay an additional fee for a refundable airport security deposit. On 12 February 2024, Miss A used her Revolut account again to exchange £1,512.93 to foreign currency and transferred this to the same account as the previous payment.

Miss A later realised she'd been a victim of fraud and reported the matter to Revolut. It looked into Miss A's claim but didn't offer a reimbursement of the funds lost, as it didn't find it had made an error.

Miss A remained unhappy with Revolut's response, so she came to our service for an independent review. An Investigator considered the evidence provided by both parties but concluded no error had been made by Revolut.

Miss A didn't agree, so the matter has now been passed to me for a final decision to be made.

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.

But, taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to be good industry practice at the time, I consider it fair and reasonable 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 fraudulent practices are evolving and the different risks these can present to consumers, when deciding whether to intervene.

In the circumstances of this complaint, Miss A made two payments to the fraudsters from her Revolut account, firstly by converting the amounts to a foreign currency and then by making an international payment to the account details she was instructed to pay.

This activity fell in line with the purpose in which Miss A told Revolut she was setting the account up for. Within her application in 2023, Miss A selected the purpose of setting up the account as 'foreign exchange; overseas transfers; transfers', so the two payments she made as a result of the fraud were in line with her intended use of the account and wouldn't have presented an additional risk indicator to Revolut.

I've also considered the account's transactional history to see if the payments did stand out from Miss A's typical account usage. And while the payments were higher in value than Miss A's typical transactions, I don't find them to be so out of character that Revolut ought to have been concerned. Miss A regularly made foreign currency conversions and international payments on her Revolut account. There are also overseas card payments and ATM withdrawals of higher or similar values of those she made as part of the fraud.

I must also recognise that Revolut has a challenging task in balancing what payments it ought to intervene in and question considering the number of payments it typically processes at any given time. And while I don't intend to downplay the loss Miss A has suffered as a result of callous fraudsters—as this is no doubt significant to her—I don't find the values of the transactions subject to this dispute to be so high that this alone ought to have caused Revolut concern. They weren't significantly out of character in comparison to Miss A's normal account activity, were carried out six days apart from one another and were to the same payee.

Revolut has provided evidence to our service that it did provide low friction warnings to Miss A as part of both payments.

Revolut provided a standardised low friction warning as Miss A was making the initial payment to a new payee. This warning asked Miss A if she knew and trusted the payee and prompted her not to continue with the payment if she was unsure. It also warned Miss A that fraudsters can impersonate others and that Revolut may not be able to get her money back.

The second payment was also identified by Revolut as a potentially higher risk payment, and this prompted its systems to hold the payment and ask Miss A automated questions about it. This was followed by further warnings telling Miss A to stop and think about the payment before making it. It also provided further detailed warnings on some of the common features associated with fraud. Miss A acknowledged these warnings and decided to proceed with the payments understanding the risks.

I'm persuaded that these warnings were proportionate to the level of risk identified, and I therefore wouldn't have expected Revolut to go further than it did. As such, I don't find it has made an error and therefore shouldn't be held liable for Miss A's loss.

Recovery

Once Miss A contacted Revolut to report the scam it did attempt to reach out to the international bank to recover the funds sent. But the recipient bank failed to respond to contact and therefore Revolut was unable to act further. I therefore find that Revolut done all it ought to do to recover the funds.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 30 August 2024.

Stephen Westlake
Ombudsman