

The complaint

A limited company, I'll call G, is unhappy that Revolut Ltd won't refund payments it made as part of a scam.

G is professionally represented, but for simplicity I've referred to the actions of G throughout.

What happened

In January 2024 G found an online retailer of cosmetic products. It was looking to buy in bulk and resell them as part of its commercial activity. G negotiated a price for delivery of the goods, and received an invoice for the agreed amount from the retailer on 5 February 2024. On the same day G transferred £4,416.48 from its business account with Revolut, to an account in Belgium. Prior to allowing it, Revolut displayed a 'new payee warning', asking if G knew and trusted the payee – and warning that fraudsters can impersonate others.

Three days later (on 8 February 2024) G received an update from the retailer's delivery agent about the order, which said it had been shipped. So, G sent another international transfer for the remaining amount on the invoice of £4,403.71. On 12 February the delivery agent said that due to regulatory changes it couldn't pick up the goods without first seeing proof that G had the right to resell the product.

G queried this with the retailer, who said it would investigate. Then he was contacted by another company and told that under new rules the minimum order needed to be more than three times what had been spent, and so G needed to pay to bring its order up to that threshold. G again queried this with the retailer and eventually requested a refund, which was initially agreed to. But after some chasing the retailer eventually stopped replying to G's messages.

On 14 February 2024 G reported it had been scammed to Revolut. The fraud claim was investigated, but Revolut declined to provide a refund. The response said it had done what it could to recover the funds, but none remained at the beneficiary bank. G raised a complaint, saying the transactions were out of character and ought to have prompted fraud checks prior to allowing them. But Revolut's final response maintained it wasn't liable, saying it did not have reasonable grounds to believe the payments were suspicious compared to the usual account behaviour. As G wasn't happy with the outcome, it referred the matter to our service for review.

One of our investigators considered everything and didn't think the complaint should be upheld. In his view, the transactions weren't sufficiently out of character for G's business account to have warranted a fraud intervention from Revolut. The investigator said there had been other large payments made from the account, and there wasn't an obvious scam pattern emerging at the time of either transfer that Revolut had missed.

G argued the transfers were out of character because they were sent international, which meant Revolut should have performed checks. The investigator's view that Revolut wasn't reasonably on notice of the fraud remained the same, resulting in G asking for an ombudsman to review the matter. So, the complaint was passed 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, I'm not upholding G's complaint. I appreciate that will come as great disappointment to G's director, who I know feels strongly that Revolut should have done more. I was also saddened to hear about how the incident had affected him. There's no dispute that G fell victim to a very persuasive scam. But what I must decide is whether Revolut ought to have been on notice G was at risk of financial harm, to the extent that it intervened before processing the payment. On balance, I don't think that was the case here – and I've explained my rationale below.

In deciding what's fair and reasonable, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

In broad terms, the starting position at law is that Electronic Money Institutions ("EMI's") such as Revolut are expected to process payments and withdrawals that a customer authorises them 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 have been good industry practice at the time, I consider it fair and reasonable in xx 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 their 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 do);
- 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.

Revolut have a difficult balance to strike in how they configure their systems to detect unusual activity or activity that might otherwise indicate a higher than usual risk of fraud. There are many millions of payments made each day and it wouldn't be possible or reasonable to expect firms to check each one. In situations where they do (or ought to) intervene, I would expect that intervention to be proportionate to the circumstances of the payment.

G has rightly pointed out that there were risks associated with these payments. The first was to a new payee, they were both international transfers and for larger amounts than were usually seen on the account. Revolut didn't intervene to carry out fraud checks on either

payment, apart from giving a new payee warning on the first one. So, I need to consider if that was proportionate to the risks apparent at the time, or if more was needed.

When Revolut models what expected behaviour looks like, it factors in the account type along with known activity over time. This was a commercial account – so larger, more frequent payments to new payees, potentially in different countries, would typically look less unusual for a business customer. G had made some larger payments than these to the director's personal account in the 12 months prior. It had also made two payments of over a thousand pounds to merchants, including one the month before. So, transfers of this size (the two disputed ones) weren't typical for the account, but it had certainly transacted in this range of low thousands previously.

Sending money internationally does sometimes carry a higher risk, particularly as funds can be more difficult to recover if something goes wrong, given different rules can apply. But these were going to a 'merchant' in Belgium at a large bank, and so on the face of it they carried less risk than some. Neither transfer drained the account, and instead they left a balance in line with what was usually seen. There was a reassuring time gap between the transactions too, which allows more chance for issues (like it being sent to the wrong place) to come to light. It also wouldn't have indicated to Revolut things were being done under pressure.

Overall, I don't find these payments were so concerningly large or out of character that they should have caused alarm, and nor was there a typical scam pattern emerging. I think Revolut's system fairly perceived these as two transfers by a business to a merchant abroad, and not carrying a heightened risk of fraud. So, I haven't seen that Revolut missed clear signs it shouldn't be following G's instructions, and instead should have intervened to make enquiries.

Even if Revolut had given a warning tailored towards purchase scams, I'm not persuaded that would have prevented the loss here. Any warning would have likely advised G to be wary of bargains, to ensure it had researched the seller, to use a secure payment option (for instance, not going outside of any existing marketplace system), and to ask for proof of ownership for whatever was being bought. But this was a very persuasive scam, with a professional looking website and invoice, and nothing seeming out of the ordinary in the communication from the 'retailer'. The price wasn't so cheap that it was suspicious, and any proof of ownership requested could easily have been fabricated by the scammers. The purchase wasn't made through a marketplace with its own payment system – and G had sent a transfer before to purchase goods without issue, so I don't think it would have considered that a problem. Overall, I don't find it likely that a warning would have deterred G from making the payments or uncovered the scam.

I've also considered whether Revolut acted fairly once the fraud was reported, and I can see it contacted the beneficiary bank (in an attempt to recover the funds) within an hour of having all the information it needed to confirm G had likely been scammed. That's in line with our expectations, and the need to act quickly in such scenarios. The beneficiary bank replied to say no funds remained in the account to be recovered, and fraudsters do typically move funds on very quickly to evade recovery efforts. Revolut also considered the claim promptly. So, I think it acted fairly once it was alerted to the scam by G.

Having considered everything, and whilst I recognise that G has lost this money to a cruel and sophisticated scam, I don't think Revolut ought reasonably to have prevented it. I also appreciate G's director might have been more vulnerable to this type of scam, given his comments around stretching himself financially to make the purchase. But I don't consider Revolut was on notice the fraud was occurring, or that it missed signs of his vulnerability in the circumstances. So, I'm not directing Revolut to refund the stolen funds.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 5 June 2025.

Ryan Miles
Ombudsman