

The complaint

Miss B complains that Revolut Ltd ('Revolut') won't refund the money she lost when she fell victim to a scam.

What happened

Miss B says that on 8 August 2023 she received a call from someone who said they were from the High Court of Justice on behalf of HMRC. Miss B didn't know at the time, but the caller was a scammer. The scammer convinced Miss B that she was in default because of a tax code issue and that she owed money which needed to be paid to avoid arrest. As well as the outstanding tax, Miss B was advised of other charges that she needed to pay. The caller provided Miss B with letters from HMRC and the Royal Courts of Justice via a messaging app.

Miss B was advised by the scammer to open an account with Revolut. On the instructions of the scammer, Miss B then made the following transactions from her newly created Revolut account. The final transaction in italics was declined so doesn't form part of Miss B's loss.

Transaction	Date	Time	Amount	Payee
1	08/08/23	11:26	£997	Individual 1
2	08/08/23	12:07	£999	Individual 2
3	08/08/23	12:15	£1,500	Individual 2
4	08/08/23	12:30	£1,000	Individual 3
5	08/08/23	12:31	£1,000	Individual 3
6	08/08/23	12:50	£1,000	Individual 3
7	08/08/23	12:59	£1,500	Individual 1
8	08/08/23	13:12	£2,000	Individual 4
9	08/08/23	13:20	£1,000	Individual 4
10	08/08/23	14:56	£2,000	Individual 5
11	08/08/23	15:09	£2,500	Individual 6
12	08/08/23	15:16	£1,500	Individual 7
13	08/08/23	15:27	£3,000	Individual 8
14	<i>08/08/23</i>	<i>15:42</i>	<i>£3,000</i>	<i>Individual 9</i>
Total			£19,996	

Miss B realised she was the victim of a scam when a bank she had also made scam payments from blocked her account. She reported what had happened to Revolut.

Revolut didn't agree to reimburse Miss B. It said it provided appropriate scam warnings and education.

Miss B was unhappy with Revolut's response and brought a complaint to this service.

Our investigation so far

The investigator who considered this complaint didn't recommend that it be upheld. He said that any intervention by Revolut wouldn't have made a difference in this case because Miss B's answers to questions posed by Revolut prejudiced its ability to intervene effectively. And, although Revolut attempted to recover Miss B's funds it was unable to do so.

Miss B didn't agree with the investigator's findings and asked for a final response, so her complaint has been passed to me to decide. She raised the following points:

- Revolut's online form wasn't working so she had to ask another bank to help her report what had happened to it.
- It took a complaint to this service for Revolut to look at her claim and she had to chase for updates.
- £3,000 left her account after she reported fraud.
- Her points about the lack of controls on the account and lack of engagement with her haven't been addressed. And Revolut provided incorrect information about this in its final response.

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 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.

There is no dispute that Miss B has been the victim of a cruel scam, and I am deeply sorry for that. But it doesn't automatically follow that Revolut is liable for all or some of a loss, just because a customer has been the victim of a scam. When I consider cases like this – I am looking at whether the bank – who was not party to the scam itself – should have done more and whether it could have prevented the payments from being made.

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 have been good industry practice at the time, I consider it fair and reasonable in August 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 including in relation to card payments);
- 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.

Given what Revolut knew about the payments, I've thought about at what point, if any, it ought to have identified that Miss B might be at a heightened risk of fraud.

Miss B opened an account with Revolut to make the scam transactions, so Revolut had no information about her usual spending patterns. When she opened the account Miss B was asked for the reason for opening the account. She said it was to make transfers.

The first scam transactions were relatively low in value and were in line with Miss B's stated account opening reason (transfers), so I don't consider they would have stood out to Revolut. There's a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments. Whilst firms have obligations to act in their customers' best interests, they can't reasonably be involved in every transaction. To do so would involve significant disruption to legitimate payments.

By the time Miss B made transaction five I consider Revolut ought to have recognised a potential risk of harm and taken additional steps to protect Miss B. She had made a succession of payments over the period of an hour to three different payees. I think a proportionate response to the risk posed would have been to ask Miss B some questions about the reason for the payment.

What did Revolut do to warn Miss B?

Revolut says that each time a new payee was set up it provided Miss B with a new payee warning that said:

"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. Remember, fraudsters can impersonate others, and we will never ask you to make a payment."

I think this was a proportionate response to the first four payments Miss B made, given their value and the account opening reason.

Revolut says it also identified that all payments to newly created payees (transactions 1, 3, 4, 8, 10, 11, 12, 13 and 14) as suspicious and put them on hold. It asked Miss B the reason for each payment and to complete a questionnaire. Once Miss B had provided her answers Revolut provided educational story messages.

I have seen evidence which shows that each time Miss B was asked the reason for the payment she chose the 'Pay a family member or friend' payment option rather than 'Pay taxes or law enforcement fines'.

When Revolut asked Miss B questions about each payment to a newly created payee it stated that she should answer truthfully and that if she was being scammed the fraudster may ask her to hide the real reason for the transaction. I have set out below some of the questions Miss B was asked and the responses she provided in italics:

Is anyone telling you how to answer these questions? Is someone telling you which options to choose or telling you this is urgent? *No, I am not being assisted through this questionnaire.*

What are you paying them for? *Paying rent or bills*

Has this person asked for help unexpectedly? *No*

How did they provide the bank details? *Face to face*

The storyboard messages provided by Revolut were tailored to the questionnaire answers she provided. The first screen explained that scams where victims are contacted by someone who claims to know them are on the rise. Other screens covered fake messages and calls from scammers pretending to be loved ones, being wary of being asked to act quickly, checking account details and romance scams.

I appreciate that Miss B was likely coached when she provided these answers and that she was acting in fear of being arrested. But I'm not persuaded Revolut ought reasonably to have known that Miss B was providing misleading responses when she made payments one, three and four.

When Miss B made payment eight, I consider Revolut ought reasonably to have recognised that the payments Miss B was making matched a common scam type and that she might be being coached when providing responses to its questionnaire (as she had provided exactly the same responses four times). The frequency of payments in a short timescale was indicative of a safe account scam, so I think Revolut ought reasonably to have provided a warning that set out the key features of such scams. But Miss B wasn't falling victim to a safe account scam so a warning of this nature wouldn't have resonated with her or prevented her further loss.

I'm also mindful that during calls with Miss B's bank she wasn't honest about the reason for the payments, and it took her bank and another body a lot to persuade her she was the victim of a scam.

Overall, whilst I think Revolut should have done more, I'm not persuaded it could have prevented Miss B's loss.

Miss B has said that £3,000 left her account after she reported the scam, but I can't see that this was the case. All payments left Miss B's Revolut account before the scam was reported. I can also see that Miss B's bank contacted Revolut about its concerns that she was the victim of a scam and that her Revolut account had been set up as a result. This was before Miss B contacted Revolut herself. Revolut asked relevant questions to investigate the concerns so I can't fairly say it did anything wrong.

Revolut attempted to recover Miss B's funds but was unable to do so. This is what I would expect Revolut to do.

Overall, whilst I'm sorry to hear about Miss B's loss, I can't fairly ask Revolut to reimburse her.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 27 March 2025.

Jay Hadfield
Ombudsman