

The complaint

Miss K has complained Revolut Ltd won't refund money she sent after being the victim of a scam.

What happened

In March 2023 Miss K received a call from someone saying they were from HMRC. They conned her into believing she had to send them money immediately. She was told to open an account with Revolut, which she did. She paid money into this new account from her other bank account (who I'll call H).

Miss K then proceeded to make six transfers totalling £3,841 to a named individual, not HMRC. During the process of making these payments, Revolut identified something was amiss and blocked one payment and sent warnings to Miss K. These were ignored and it was only when her mother interrupted what was going on, Miss K realised she was a victim of a scam.

She went to the police, reported this to Action Fraud and approached H to get her money back. H confirmed she'd need to go to Revolut. Revolut wouldn't repay her as they felt they'd done nothing wrong.

Miss K brought her complaint to the ombudsman service. Our investigator wasn't sure there was enough evidence to show Miss K had been scammed. She wouldn't ask Revolut to refund Miss K.

Miss K asked an ombudsman to review her complaint.

I completed a provisional decision on 20 December 2023 upholding Miss K's complaint in part. I believed Revolut should have done more to warn Miss K that she was the victim of a scam. Overall, I was asking them to repay some of the money Miss K had lost.

Revolut provided no response to the provisional decision.

I now have all I need to complete my 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've reached the same outcome as I did in my provisional decision. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

I sought further evidence about what went on here before coming to this provisional

decision.

Unlike our investigator, I don't dispute Miss K was scammed and has lost a considerable amount of money. She has my sympathy about what she has gone through. She was rung early in the morning and effectively badgered to pay money for tax that she owed. She was told she'd have to pay additional penalties if she didn't do this straightaway. This made her feel helpless and desperate to do what she was asked. She didn't take any notice of the warnings she was being presented with by Revolut, nor did she note that the money was going to a named third party rather than HMRC. She ended up speaking to more than one person in an effort by the fraudsters to persuade her she had to act immediately.

There's no dispute that Miss K made and authorised all of the payments. Therefore, I'm satisfied the transactions were authorised under the Payment Services Regulations 2017

It's generally accepted that Revolut has an obligation to follow Miss K's instructions. So, in the first instance Miss K is presumed liable for her loss. But that's not the end of the story.

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 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;
- 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 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.

Miss K fell victim to a known scam. These unfortunately aren't particularly unusual but are invidious in the way those carrying out the scam inveigle themselves into someone's trust.

This started by Miss K being persuaded to set up a new account with Revolut. She then transferred money in from her account with H. She set up a new payee and made six payments. The lowest of which was for £400.

I've looked at the payments Miss K made from her account with H. They did provide her with warnings, but these were generic and at no stage do I believe Miss K would have felt these were relevant to her position.

I'm satisfied that Revolut ought to have recognised that the payments Miss K was attempting carried a heightened risk of financial harm from fraud because of the value of the transactions and the fact this was a new account just opened by Miss K.

I can see that Revolut blocked Miss K's initial payment and then continued to warn Miss K of the threat of scams. They also provided a link to their blog which described different types of scams. However, at no stage after the first payment did Revolut block a further payment or intervene and ask Miss K what she was doing. I consider that Revolut should have done more to identify what was going on. I think that a proportionate response to that risk which Revolut initially identified would have been for Revolut to have intervened. I'm also aware that Revolut does have the capacity to warn customers and conducts this through their chat service. Miss K used this service to alert Revolut she'd been the victim of a scam after realising what had happened but there's no indication they used this initially to assist Miss K.

And if they'd done so, I believe this would have meant Miss K would have become aware she was the victim of a scam.

I say this because:

- I am aware a warning was initially given to Miss K, but the scammers would have been clever in ensuring Miss K paid no attention to these. And these were generic and I don't believe Miss K would have felt these were relevant to her experience.
- A new account was set up, money transferred in and then numerous payments sent out. What happened to Miss K seems to follow a very well-trodden path when a scam is involved. And whilst Revolut provided generic warnings, they didn't intervene to try and block the spell that was being created by the fraudsters. There was scope for them to do this.
- It's clear Revolut identified the first payment as suspicious, but Miss K made further payments. I believe Revolut should have acted further when Miss K made the third payment for £957.
- The payments Miss K was making was to a third-party named individual. So unlike payments to a cryptocurrency account in Miss K's own name, this should also have acted as an alert to Revolut.

I can't be sure that if Revolut had intervened, Miss K would have listened to their warnings, but I've seen nothing to indicate that she wouldn't. I think there's a high likelihood Miss K would have told Revolut she'd got a call from HMRC and Revolut would have confirmed this was a fraud.

I'm going to be asking Revolut to pay half of Miss K's losses from the time I believe they should have intervened. This amounts to £1,173. I say this because:

- Miss K did ignore the initial warning given to her.
- Miss K wasn't alone at home when she first got the call so she could have asked her mother if she believed what was happening was genuine.
- Miss K made payments to a named third-party rather than HMRC. I appreciate what she's told us about the story she was given but I do think – despite the panic being caused – that this should have made her think about what was going on.

8% simple interest a year will also need to be added to this amount from the date of Miss K's

loss.

My final decision

For the reasons given, my final decision is to instruct Revolut Ltd to:

- Refund £1,173 to Miss K; and
- Add 8% simple interest to that amount from 9 March 2023 to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 19 September 2024.

Sandra Quinn
Ombudsman