

The complaint

Miss D is complaining that Revolut Ltd won't refund payments she made to a scam.

What happened

The detailed background to this complaint is well known to both parties and has also been set out previously by the investigator. The facts about what happened aren't in dispute, so I'll only set them out briefly here.

In short, Miss D fell victim to a safe account scam in April 2024. She received a call from someone who said they worked for a bank she also had an account with. The caller advised Miss D that her account was at risk, and she needed to move her money to keep it safe.

Miss D moved funds from her account with her bank, to her Revolut account. Miss D then made two payments to the scam from her Revolut account through a money transfer company, as follows:

Date	Type of payment	Amount
24 April 2024	Card payment	£1994.06 plus £9.94 fee
24 April 2024	Card payment	£738.83 plus £7.39 fee

Shortly after Miss D made the payments, she became suspicious and contacted Revolut to report she'd been scammed. Revolut told her they couldn't stop the card payments, but she could request a chargeback. But Revolut decided not to submit the chargeback claim, because they didn't think it would be successful.

Miss D complained to Revolut and they issued their final response in June 2024, explaining that they wouldn't be refunding the payments to her.

Miss D brought her complaint to our service, but our investigator didn't think it should be upheld. Miss D didn't agree, so her complaint's now been passed to me for review and a 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.

I'm sorry to learn about what happened to Miss D. It does appear she's been the victim of a cruel scam, and so I can understand why she would think her money should be refunded. But I don't think that I can fairly say that Revolut should refund the money she lost. I'll explain why.

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 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 April 2024 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;
- 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 them 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 do, including in relation to card payments); and
- 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 D had held her account with Revolut for around a year before she made the payments to the scam. She generally used it for low-value transactions but had occasionally made higher value transfers. The payments she made to scam were higher than the payments she usually made. But - although I appreciate that the payments represented a lot of money to Miss D - they were simply not of a value where I'd usually expect Revolut to be concerned that Miss D was at a heightened risk of financial harm.

Miss D has told us that the money transfer company she made the payments through is a well-known scam, but I've not seen any evidence of this – it's authorised by the Financial Conduct Authority to provide payment services activities, as it was doing here. So, I wouldn't have expected Revolut to have been suspicious of *any* payments made to it, as Miss D has suggested.

I've kept in mind that EMI's such as Revolut process high volumes of transactions each day, and that there is a balance for them to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate. And taking all the circumstances into account here, I don't think it was unreasonable for Revolut not to view the payments as suspicious, such that they should have carried out any additional checks or

given an additional warning before processing the payments. So, I've not found that Revolut ought to have done any more to prevent the scam payments Miss D made.

There are industry standards around attempting recovery of funds where a scam is reported. But the payments here were made with Miss D's debit card, and so couldn't be recalled or stopped.

It's possible to dispute a debit card payment through a process called chargeback, which can sometimes be attempted if something has gone wrong with a debit card purchase, subject to the relevant card scheme's rules. I can see that Revolut advised Miss D to submit a chargeback request to them for the payments, but they decided not to take this forward.

I don't think this was unreasonable, because I agree with Revolut that chargeback claims against the money transfer company for any of the possible chargeback reasons wouldn't have had a reasonable prospect of succeeding here. This is because the money transfer company provided the service that Miss D had paid for. So, although Revolut didn't attempt the chargeback claims, I don't think this made a difference to the outcome.

Miss D has mentioned that she was told she was entitled to a refund of the scam payments under Revolut's insurance. I think she may be referring to the voluntary Contingent Reimbursement Model (CRM) code, which provides customers with protections where they've been victims of an Authorised Push Payment (APP) scam. However, Revolut are not signatories to the CRM code, and because Miss D made her payments by debit card rather than by transfer, it wouldn't apply even if they were.

I know this outcome will be disappointing for Miss D and I'm sorry for that. But for the reasons I've explained, I don't think Revolut should have done more to prevent her loss. So, it wouldn't be reasonable for me to ask them to refund the payments she made.

My final decision

My final decision is that I'm not upholding Miss D's complaint.

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

Helen Sutcliffe
Ombudsman