

The complaint

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

What happened

Mr B says that he received a call from someone who impersonated his bank and told him about suspected fraudulent transactions on his account. Mr B confirmed that he hadn't made the transactions and was advised he needed to open a new account and to transfer the balance in his bank account to his pre-existing Revolut account. He was then sent a payment link to transfer funds to a Revolut account in the name of a third party. On 27 December 2023 Mr B transferred £5,000 to this third-party account. The call then dropped, and Mr B realised he was the victim of a scam.

Mr B contacted Revolut via its chat function on the same day the scam payment was made.

Revolut said it wasn't responsible for Mr B's loss. It noted that it had detected the payment was to a new payee and provided a warning. Revolut then held the transfer, asked the reason for the transfer (Mr B chose paying family and friends) and provided a series of educational storyboard messages. Finally, Revolut said it did what it could to recover Mr B's funds and was able to return £1,951.75 to him.

Mr B was unhappy with Revolut's response and brought a complaint to this service. He said that Revolut's automated warnings weren't effective and that Revolut should have spoken to him.

Our investigation so far

The investigator who considered this complaint didn't recommend that it be upheld. He said that Revolut's intervention was proportionate to the risk posed by the transaction. Revolut provided educational storyboard messages and more granular warnings based on the payment reason Mr B provided of paying friends and family. Finally, Revolut had done what it could to recover Mr B's funds.

Mr B didn't accept the investigator's findings and asked for a final decision, so his complaint has been passed to me to review. I have summarised the main points made by Mr B's representative below:

- This service has previously said that banks should ask open and probing questions when intervening, using its knowledge of fraud trends.
- A customer's answers when intervention takes place should not be taken at face value as it is common for victims to be coached.
- The payment was out of character and warranted proportionate intervention. At that point it was clear Mr B's Revolut account had been funded from another account in his name immediately before he made a payment to a new payee. Revolut should have been aware of multi-stage fraud and the use of its accounts to facilitate fraud.
- The Consumer Duty places further requirements on Revolut to reduce the occurrence of scams. The FCA's Finalised Guidance stresses the importance of having adequate systems and controls in place to detect/prevent scams and avoid

causing foreseeable harm.

- Automated interventions such as those provided by Revolut are ineffective and insufficient in preventing scams.
- A 'proper' human intervention would have uncovered the scam. Mr B was honest with his bank when he transferred funds to Revolut and said it was for "security reasons". Revolut should have asked why Mr B was sending funds to family and friends and why it was necessary to send them from Revolut rather than his bank. Safe account scams are very easy to uncover.

Mr B's representative provided links to decisions issued by this service in support of the points made above.

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.

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 at the time the payments were made 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); 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.

It isn't in dispute that Mr B has fallen victim to a cruel scam here, nor that he authorised the payment he made from his Revolut account.

Revolut says that when Mr B set up the new payee it provided him with a review transfer screen 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.”

Revolut also held the payment and provided Mr B with a screen which explained that something didn't look right, and the payment had been flagged as a potential scam. Revolut went on to explain that it needed to ask Mr B some questions which he needed to answer truthfully and that if he was being scammed, he might be asked to hide the true reason for the payment. The screen also told Mr B that Revolut might not be able to get his money back if he didn't answer truthfully.

The next screen Mr B was shown said:

Is anyone prompting, or guiding you?

Is someone telling you how to send this payment, which buttons to tap, etc, giving you instructions over the phone, or telling you this is urgent, etc?”

Mr B clicked the option which said “No, I am not being guided” and was then provided with the following advice:

- if someone is telling you to ignore these warnings, they're a scammer,
- only continue if you're sure you are not being prompted into making a payment.

Mr B then clicked the 'Continue' button and was asked to provide a reason for the payment. He chose the 'Pay a family member or friend' option and was asked a series of automated questions which related to this payment purpose. Mr B confirmed the following:

- he was paying back for something they purchased on his behalf,
- he hadn't been asked for help unexpectedly,
- he had paid the person before using the same bank details,
- bank details were provided face to face.

After careful consideration, I'm satisfied Revolut's response was proportionate to the risk posed by the payment Mr B was making and will explain why.

Whilst the scam payment was greater in value than other transactions on Mr B's account in the 12-month period before it, it was for £5,000 and was a one-off payment. Mr B transferred £5,218.89 from an external bank account and then made the transfer to another Revolut customer, so could have made the transfer to Revolut first for this reason. The balance left on Mr B's account after the transfer wasn't unusual and there were no other indications that Mr B might be falling victim to a scam.

Revolut explained to Mr B why he needed to be truthful when replying to its questions, asked for a reason for the payment and took steps to narrow down the risk posed by the payment further by asking a series of automated questions. Revolut then provided a tailored warning. Given what it did, I consider that Revolut acted reasonably.

I appreciate that Mr B was coached and provided incorrect responses based on advice he received from the scammer. But I am not persuaded that in the particular circumstances of this case I can fairly conclude that Revolut didn't do enough. Revolut advised Mr B of the importance of answering its questions truthfully and specifically referred to being told how to send the payment, which buttons to tap and urgency.

Mr B's representative has referred me to previous decisions issued by other ombudsmen. Many of the decisions don't match the facts of this case, and in any event, I am required to consider the individual circumstances of each complaint I consider.

The FCA's Consumer Duty, which was in force at the time the payment was made, requires firms to act to deliver good outcomes for consumers including acting to avoid foreseeable harm. In practice this includes maintaining adequate systems to detect and prevent scams and to design, test, tailor and monitor the effectiveness of scam warning messages presented to customers.

I am satisfied that Revolut had adequate systems in place when Mr B made the payment. The Consumer Duty does not require human intervention and I note that Mr B's representative referred to a paragraph from an FCA review which says the "*use of risk-based, automated warning messages during the payment journey, can be effective to help customers consider whether the payment they are making is to a genuine payee*".

I have seen evidence which confirms that Revolut took steps to recover Mr B's funds and was able to return £1,951.75 to his account.

Overall, whilst I'm sorry to hear about this cruel scam and Mr B's loss, I can't reasonably ask Revolut to reimburse him.

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 Mr B to accept or reject my decision before 31 March 2025.

Jay Hadfield
Ombudsman