

The complaint

Mrs R says Revolut Ltd (“Revolut”), didn’t do enough to help when she fell victim to an ‘authorised push payment’ (“APP”) safe account scam. She says Revolut should reimburse her for the money she lost.

What happened

As both parties are familiar with the circumstances of this complaint, I’ve summarised them briefly below.

In summary, Mrs R fell victim to a sophisticated and cruel safe account scam. Mrs R was contacted by someone purporting to be from Revolut. The scammers made it look as though they were calling from Revolut’s genuine telephone number (known as number spoofing) and Mrs R has said the scammers knew lots of information about her such as her card details and her latest transactions.

During the call, Mrs R also received a spoofed text message which appeared to be from her banking provider (of her bank account that she held at another banking provider – whom I’ll call ‘M’). This advised that it had received information which suggested she had been the victim of identity theft and to move her funds to her account held at Revolut.

Mrs R was led to believe her accounts had been compromised and was duped into moving her money from her account with ‘M’ into her Revolut account. And then from there onwards, under the guise that this would secure her funds.

Mrs R transferred £500 from her bank account with ‘M’ to her Revolut account. From her Revolut account, Mrs R initially instigated a transfer to a new beneficiary/individual for the amount of £500.96.

Mrs R received an automated warning from Revolut in relation to the transfer and the transfer was put on hold.

Under the advice of the scammer, Mrs R cancelled/declined proceeding with the transfer, as the scammer advised there was another way to make the payment.

Mrs R was then tricked into providing ‘authorisation’ for a card payment of £500 to a cryptocurrency exchange provider.

Mrs R quickly realised it was a scam and reported the matter to Revolut to see if she could recover the funds. Mrs R also raised concerns about the security of her personal data, as she believed that her data (such as card details and transactions) was somehow leaked from Revolut to the scammers.

As the transaction for £500 was a card payment, Revolut looked at carrying out a ‘chargeback’ under Visa’s chargeback scheme which is a scheme run by Visa that can offer some protection on payments made by card to merchants.

Revolut advised Mrs R the chargeback wasn't successful as Mrs R had 'authorised' the payment. And Revolut ultimately didn't consider it was liable for the losses Mrs R incurred.

Revolut also advised that it did not leak any data from Mrs R's Revolut account and that it stores and processes personal information using third-party servers located in secure data centres, that are protected by firewalls and that have restricted access in compliance with applicable regulations. It further explained that all data passed between Revolut mobile apps, its servers, and third parties are encrypted.

Unhappy with Revolut's response, Mrs R brought her complaint to our service. Our Investigator reviewed the matter and was of the opinion the complaint should be upheld. They broadly considered that as the initial payment was stopped/put to pending, with Mrs R going on to cancel the transfer, Revolut shouldn't have allowed the follow up card payment without first contacting Mrs R to satisfy itself that Mrs R wasn't at risk of financial harm.

Revolut disagreed. It advised that before a transfer can be performed to a new beneficiary, its system asks customers whether they trusted the payee, and, whether they wished to authorise the transfer. And it provides a broad scam warning. It advised that Mrs R acknowledged the warning, and its systems then conducted a further real-time fraud risk assessment of this first transfer to the new beneficiary and put it on hold whereby it would have asked further questions. It argued that Mrs R cancelled the transfer at this point and then proceeded to make a card payment. Revolut argue that the card payment was authorised by Mrs R (through 3DS requiring Mrs R to confirm the transaction within the banking app) and given the amount, it wasn't unusual compared to her normal spending activity, so didn't intervene.

As the matter wasn't resolved, it was referred to me to review and make a final decision on the outcome of Mrs R's complaint.

I considered the complaint and issued a provisional decision as I was minded to reach a different outcome to that of our Investigator.

In summary, I considered Revolut's decision not to refund Mrs R in this instance was fair and reasonable in the circumstances. I said this because I didn't think there were enough grounds for Revolut to be suspicious Mrs R may be a victim of fraud when she cancelled a transfer and then subsequently made a card payment. And not to such an extent where I would expect Revolut to intervene further and carry out some additional checks or question Mrs R further about the activity. So I was of the opinion that I couldn't fairly say Revolut could have prevented Mrs R's losses or was liable in some way. And unfortunately, there wasn't anything further Revolut could do to help Mrs R recover her funds through the 'chargeback' scheme or otherwise.

Both parties had until 16 August 2024 in which to respond to my provisional decision and provide any more comments and evidence they wished for me to consider.

Neither party responded to my provisional 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, and as neither Mrs R nor Revolut have provided me with anything further to consider, I see no reason to depart from my provisional findings.

For completeness, I'll reiterate and confirm those provisional findings below.

"...In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

I'm aware that I've summarised this complaint and the responses briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here – which is to determine whether Revolut should have done more to prevent Mrs R's losses. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

Having thought carefully about Revolut's actions, I'm not intending on upholding Mrs R's complaint. I do appreciate how disappointing this will be for her. Mrs R was a victim of a cruel scam. But in weighing everything up, I don't think I can fairly say Revolut should reimburse her. I'll explain why.

In broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the customer's account.

Here, Mrs R authorised the payment in question. I accept she didn't proceed with the initial transfer – with it being cancelled, but she then subsequently authorised the card payment for £500. This was carried out through 3DS – which required Mrs R to subsequently open her Revolut banking app to confirm and proceed with the transaction.

So it is the case that Mrs R authorised the card payment that is in dispute. And under the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means Mrs R is responsible for it. That remains the case even though Mrs R was the unfortunate victim of a scam and was duped into making the payment.

There are times when I might expect a Firm to question a transaction or payment, even though it may have been properly authorised. Broadly speaking, Firms like Revolut have certain obligations to protect customers from fraud.

What does this mean for Mrs R?

In this case, I need to decide whether Revolut acted fairly and reasonably in its dealings with Mrs R when she made the payment, or whether it should have done more than it did.

The crux of the matter here, is that Revolut automatically put the initial transfer to pending having provided a broad scam warning. Mrs R, under the advice of the scammer, then cancelled the transfer and was then duped into authorising the subsequent card payment.

Our Investigator thought Revolut should have contacted Mrs R about the cancelled transfer before allowing the card payment, of a similar amount, to be processed. Having thought about this carefully, I disagree.

Revolut has explained that prior to a customer making a payment to a new beneficiary its systems automatically provide a broad scam warning asking the customer whether they trusted the payee, and, whether they wished to authorise the transfer. Mrs R acknowledged this scam warning and Revolut, as it was a payment to a new beneficiary, provided a further warning and placed the transfer on hold. I consider Revolut's actions in relation to this payment/transfer were proportionate to any potential risk here. And it didn't need to do more.

I say this because Banks / Payment Service Providers process a high volume of transfers and transactions each day. And Firms have to strike a balance as to when they should possibly intervene on a payment against not holding up or delaying a customer's request. And importantly any intervention should be proportionate to the potential risk posed. Here, it was a payment of £500 going to a new beneficiary and I'm satisfied Revolut intervened proportionately, with Mrs R subsequently cancelling the transfer – under the advice of the scammer.

I'm also mindful there can be a number of reasons why a consumer may wish to decline proceeding with a transfer. These might include changing the amount to be sent, changing the payment method, wishing to pay a different beneficiary account or simply deciding to make the payment later on or at a later date. So, while Mrs R cancelled the transfer, it does not, to my mind, sufficiently put Revolut on notice that Mrs R was at risk of potential financial harm.

I appreciate that Mrs R then subsequently made a card payment – but when I consider the amount of the payment, it isn't too dissimilar to Mrs R's other activity on her account. Mrs R had made multiple card payments of similar size, and more, to a money transfer provider. So the activity itself wasn't so unusual or out of character that I would expect Revolut to intervene on the card payment despite Mrs R having cancelled a transfer prior. Especially when the card payment was 'authorised' through 3DS requiring Mrs R to verify the transaction through the Revolut app. I appreciate that it was a card payment going to a cryptocurrency exchange provider – but I don't think that automatically means Revolut were on notice that Mrs R was falling victim to a scam. The amount of the card payment being made wasn't so remarkable that I would expect Revolut to have had a cause for concern. Had it been a much larger payment or had there been multiple card payments in quick succession then there would have been an argument to suggest the pattern of activity was suspicious in nature. But to my mind, a one-off card payment that was authorised by Mrs R, and was in line with her previous account activity, meant it wasn't unreasonable for Revolut to not flag it for further checks.

Overall, I don't think there were enough grounds for Revolut to be suspicious Mrs R may be a victim of fraud when she cancelled a transfer and then subsequently made a card payment. And not to such an extent where I would expect it to intervene further and carry out some additional checks or question her further about the activity. So I can't fairly say Revolut could have prevented her losses or is liable in some way.

Recovery of the funds / Chargeback

I have also considered whether Revolut did all it could to try and recover the money Mrs R lost. Given it was a card payment to a cryptocurrency provider with the card payment being authorised by Mrs R, there wasn't any prospect of the chargeback being successful. In essence the merchant (the cryptocurrency provider) would have carried out the service, so would have successfully defended the chargeback. So there wasn't anything further Revolut could do to help Mrs R recover her funds.

Were Revolut responsible for Mrs R's data being shared or compromised?

Revolut has advised in its final response letter that the information and data it holds about its customers is secure and complies with the relevant regulations. And any data passed between Revolut mobile apps, its servers, and third parties are encrypted. So while I fully appreciate and understand Mrs R's concerns here – I can't fairly say that Revolut are liable in some way. I say this because I am mindful that fraudsters and scammers are extremely sophisticated and can obtain peoples card details and information through a number of ways which is more likely than not what happened here.

Summary

While I appreciate Mrs R's been the unfortunate victim of a cruel scam, I think Revolut's decision not to refund her in this instance was fair and reasonable in the circumstances. I say this because Revolut followed Mrs R's instructions when she authorised card payment and I haven't seen any reason why it shouldn't have done this. I don't consider there were enough grounds for Revolut to be suspicious Mrs R may be a victim of fraud at the time she was making the card payment. And unfortunately, there wasn't anything further Revolut could do to help Mrs R recover her funds through the chargeback scheme or otherwise."

I am sorry to disappoint Mrs R, she was the victim of a cruel scam and lost money to the scammer, however as explained, I can't fairly say Revolut should have prevented the loss here and therefore aren't liable to reimburse her.

My final decision

For the reasons given above, and in my provisional decision, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 20 September 2024.

Matthew Horner
Ombudsman