

## The complaint

Ms Y complains that Revolut Ltd won't refund money she lost when she was the victim of a scam.

Ms Y is represented by a firm I'll refer to as 'R'.

## What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

Ms Y has explained that, in July 2023, she received a text message from a delivery company saying she'd missed a parcel delivery. The message provided a website link to reschedule the delivery, that appeared genuine to Ms Y, and so she completed the online form – which included providing her Revolut card details and personal information. Realising this wasn't genuine, she contacted Revolut to report this and cancelled her card.

A couple days later, Ms Y received a call from someone claiming to work for Revolut – that we now know to be a scammer. They told Ms Y that there was suspicious activity on her account and that they were working alongside another bank which Ms Y also held an account with. I'll refer to this bank as 'B'. The scammer told Ms Y that she would receive a call from B which she did, but again, this was a scammer.

B told Ms Y that her account was compromised and that she had to move her funds via Revolut to a newly opened secure account. Ms Y has said that the scammers acted in a manner that led her to believe she had received genuine calls from Revolut and B. This included them both asking security questions, as well as B spoofing a legitimate telephone number and sending a text message for verification purposes. The scammers also advised her not to share any passwords or pin numbers and communicated in the same way a bank would.

Ms Y then followed the scammer's instructions, moving funds to her Revolut account from B and then on to what she believed was a newly opened secure account in her name. Here are the relevant transactions Ms Y made from her Revolut account:

Date (time)	Transaction type	Payee	Amount
13 July 2023 (2:48pm)	Fund transfer	1	£93
13 July 2023 (2:51pm)	Fund transfer	1	£200
13 July 2023 (2:53pm)	Fund transfer	1	£4,900
13 July 2023 (3:03pm)	Fund transfer	1	£3,600
13 July 2023 (3:21pm)	Fund transfer	1	£1
13 July 2023 (3:38pm)	Fund transfer	2	£97
13 July 2023 (3:42pm)	Fund transfer	2	£200
13 July 2023 (3:47pm)	Fund transfer	2	£890
<b>Total</b>			<b>£9,981</b>

The £3,600 and £1 transactions were credited back to Ms Y's Revolut account on 19 July 2023. This puts her total loss as £6,380.

R complained, on Ms Y's behalf, to Revolut on 27 September 2023 saying the payments were made as part of a scam. In short, they said:

- Revolut failed to identify out of character payments that were indicative of fraud. And had Revolut intervened appropriately, the fraud would've been prevented. As such, Ms Y suffered a preventable financial loss which should be reimbursed.
- Ms Y was put under considerable pressure and felt incredibly stressed at the time of the scam. The scammer was professional and knowledgeable about navigating through the app to stop the suspicious payments and secure the account. They also appeared to be calling from a legitimate number and held information about Ms Y. This gave Ms Y a reasonable basis to believe Revolut and B were trying to protect her money.
- Ms Y sent the payments under the impression the funds were going to a newly opened secure account in her own name – whereas she didn't have access to it.
- Revolut should refund Ms Y and pay 8% simple interest.

Revolut didn't uphold the complaint. In short, they said:

- They detected payments were being made to new beneficiaries and displayed the following message on two occasions:

*"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".*

As Ms Y acknowledged this warning, she was free to continue with the transfer.

- They detected the payments to the newly added beneficiaries were suspicious and put the transfers on hold. They then sent a questionnaire which asked about the purpose of the payments. They showed Ms Y the options to read more about scams, to cancel the payment(s) or to proceed with the transfer. Ms Y choose to proceed. This warning was provided on two occasions.
- They also, on three occasions, put transfers on hold and showed Ms Y a message about the purpose of this payment, followed by educational screens regarding the types of potential scam.
- In addition to system-based fraud protection, they also inform customers about scams and prevention tips through email and blogs – and provide updates on their fraud and scam hub.
- They launched a request to freeze and retrieve the funds from the fraudulent beneficiary's account within 24 hours of the scam being reported. This process is bound by the cooperation from the beneficiary bank and the recovery of funds isn't guaranteed. Regrettably, the beneficiary bank didn't reply and so they weren't able to retrieve the funds.
- They weren't at fault for processing the transfers that Ms Y authorised in the form and procedure agreed in the terms and conditions for giving consent to execute payments from her account.
- They're not liable for these transactions, they treated Ms Y fairly and they fulfilled their duty to protect her by providing sufficient warnings and trying to recover the funds.

Ms Y's complaint was referred to the Financial Ombudsman. Our Investigator didn't however think Revolut had to do anything further. She said that during the course of the scam

payments, Ms Y was informed by Revolut they were unusual and that there was a high chance they were being made as part of a scam. And that Revolut provided warnings about different scam types, including safe account scams, whereby it was explained that Revolut would never call customers to move money to a safe account. She thought this was specific and tailored to the scam Ms Y was falling victim to.

Our Investigator also noted that Ms Y didn't select the most accurate payment purpose - 'transfer to safe account' - but instead selected 'something else' under the scammer's instructions. Although she appreciated Ms Y was feeling pressured and concerned about the security of her account(s), she ought to have read the warnings presented to her at the time – which would've alerted her that it might be a scam and that the payments were 99.2% more unusual than other transfers. But despite this, Ms Y proceeded to make the payments. And our Investigator thought Revolut's warnings were proportionate in the circumstances, and that they didn't miss an opportunity to prevent the payments being made as part of a scam. She also thought they did what they could to recover Ms Y's loss by contacting the beneficiary bank after the scam was reported.

R disagreed with our Investigator and, in short, they said:

- They question how often the 99.2% warning is presented by Revolut as they see it shown on every transfer made, even low value payments to an existing payee. It is a completely valueless warning as they just give every customer this warning. And so, it shouldn't be factored in decision making on this complaint.
- These transactions were unusual and out of character for Ms Y and required actual questioning. It isn't enough for Revolut to rely on generic warnings given the account activity. The third payment of £4,900 was a large amount and put Ms Y's spending up to £5,193 in five minutes by this point.
- They disagree that a tailored warning was enough here. And just ten minutes later, Ms Y sent a further £3,600 – which put her total loss up to £8,793 in just 15 minutes across four payments to a new payee. This is worrying and strong action was needed from Revolut here.
- They provided a final decision on another complaint considered by the Financial Ombudsman. They said, in that decision, the Ombudsman considered a tailored warning wasn't sufficient on a £5,000 payment and an actual intervention was needed. Given Ms Y's account activity, they consider this is relevant here and that Revolut should've spoken with Ms Y to question her about the payments.
- Revolut is expected to apply the Consumer Duty and prevent foreseeable harm. They didn't do that here.
- Had Revolut intervened properly and questioned Ms Y, the scam would've been uncovered.
- The Investigator referred to Ms Y selecting the wrong payment purpose option, but this is why automated approaches are completely ineffective to exposing scams. And allowing a victim to lose this much money by simply saying 'something else' as the payment reason is no defence – and you cannot put the blame on Ms Y.
- They disagree with the assertion Ms Y lied – as she thought she was speaking to her bank, on what was a spoofed number, and was told to select 'something else' as the reason as that would secure the account. She wasn't coached into lying and they don't think this characterisation of what happened is correct.

Our Investigator considered R's points, but her view didn't change. She said she considered the third and fourth transactions were unusual for Ms Y's account. But she thought the tailored written warnings provided by Revolut were sufficient and proportionate to the value of the payments being made. And that, had Ms Y paid attention to the warnings, they ought

to have raised doubts about the callers. She also thought Ms Y ought to have questioned why she couldn't select 'transfer to safe account' as the payment option at the time.

Furthermore, our Investigator said, in reference to R's questioning of the 99.2% warning, that she didn't think any scam warning provided by a financial institution should be deemed useless. In this case, had Ms Y paid attention to the warnings provided she wouldn't have fallen victim to the scam. And because of this, she didn't think Revolut should be held liable for the loss she suffered. Our Investigator also acknowledged R's reference to another case decided by the Financial Ombudsman but explained that she'd considered Ms Y's complaint on its own merit.

R still didn't agree with our Investigator and asked for Ms Y's complaint to be referred to an Ombudsman.

R, in short, further added:

- It is very common for Revolut to provide a warning when transferring funds, but it doesn't specifically say what they're concerned about. If Revolut is concerned about payments and see the fraud risk to be as high as 99.2% then they should question their customer.
- Considering the out of character payments, Revolut cannot rely on automated warnings or transfer pop-ups. This position is clearly stated in a final decision made by the Financial Ombudsman on another complaint (in addition to the one they earlier referenced).

The matter was passed to me to decide. I issued a provisional decision on 9 January 2025, and I said:

*"Before I go on to explain the reasons for the decision I've reached, I'd like to assure R that I've considered the final decisions they've referred to in support of Ms Y's complaint. I won't however be referring to those complaints here. Instead, I'll be focussing on the specific circumstances of Ms Y's complaint and whether I think Revolut is responsible for the loss she suffered.*

#### ***What I've provisionally 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 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.*

*And, as the Supreme Court has recently reiterated in Philipp v Barclays Bank UK PLC, subject to some limited exceptions banks have a contractual duty to make payments in compliance with the customer's instructions.*

*In that case, the Supreme Court considered the nature and extent of the contractual*

*duties owed by banks to their customers when making payments. Among other things, it said, in summary:*

- The starting position is that it is an implied term of any current account contract that, where a customer has authorised and instructed a bank to make a payment, it must carry out the instruction promptly. It is not for the bank to concern itself with the wisdom or risk of its customer's payment decisions.*
- At paragraph 114 of the judgment the court noted that express terms of the current account contract may modify or alter that position. In Philipp, the contract permitted Barclays not to follow its consumer's instructions where it reasonably believed the payment instruction was the result of APP fraud; but the court said having the right to decline to carry out an instruction was not the same as being under a legal duty to do so.*

*In this case, the terms of Revolut's contract with Ms Y modified the starting position described in Philipp, by expressly requiring Revolut to refuse or delay a payment "if legal or regulatory requirements prevent us from making the payment or mean that we need to carry out further checks".*

*So Revolut was required by the implied terms of their contract with Ms Y and the Payment Services Regulations to carry out her instructions promptly, except in the circumstances set out in their contract, which included where regulatory requirements meant they needed to carry out further checks.*

*Whether or not Revolut was required to refuse or delay a payment for one of the reasons set out in their contract, the basic implied requirement to carry out an instruction promptly did not in any event mean Revolut was required to carry out the payments immediately. Revolut could comply with the requirement to carry out payments promptly while still giving fraud warnings, or making further enquiries, prior to making the payment.*

*And, I am satisfied that, taking into account longstanding regulatory expectations and requirements and what I consider to have been good industry practice at the time, Revolut should in July 2023 fairly and reasonably have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances (irrespective of whether they was also required by the express terms of their contract to do so).*

*In reaching the view that Revolut should have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances, I am mindful that in practice all banks and EMI's like Revolut do in fact seek to take those steps, often by:*

- using algorithms to identify transactions presenting an increased risk of fraud;*
- requiring consumers to provide additional information about the purpose of transactions during the payment authorisation process;*
- using the confirmation of payee system for authorised push payments;*
- providing increasingly tailored and specific automated warnings, or in some circumstances human intervention, when an increased risk of fraud is identified.*

*In reaching my conclusions about what Revolut ought fairly and reasonably to have done, I am also mindful that:*

- *Electronic Money Institutions like Revolut are required to conduct their business with “due skill, care and diligence” (FCA Principle for Businesses 2), “integrity” (FCA Principle for Businesses 1) and a firm “must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems” (FCA Principle for Businesses 3).*
- *Over the years, the FCA, and its predecessor the FSA, have published a series of publications setting out non-exhaustive examples of good and poor practice found when reviewing measures taken by firms to counter financial crime, including various iterations of the “Financial crime: a guide for firms”.*
- *Regulated firms are required to comply with legal and regulatory anti-money laundering and countering the financing of terrorism requirements. Those requirements include maintaining proportionate and risk-sensitive policies and procedures to identify, assess and manage money laundering risk – for example through customer due-diligence measures and the ongoing monitoring of the business relationship (including through the scrutiny of transactions undertaken throughout the course of the relationship). I do not suggest that Revolut ought to have had concerns about money laundering or financing terrorism here, but I nevertheless consider these requirements to be relevant to the consideration of Revolut’s obligation to monitor their customer’s accounts and scrutinise transactions.*
- *The October 2017, BSI Code, which a number of banks and trade associations were involved in the development of, recommended firms look to identify and help prevent transactions – particularly unusual or out of character transactions – that could involve fraud or be the result of a scam. Not all firms signed the BSI Code (and Revolut was not a signatory), but the standards and expectations it referred to represented a fair articulation of what was, in my opinion, already good industry practice in October 2017 particularly around fraud prevention, and it remains a starting point for what I consider to be the minimum standards of good industry practice now (regardless of the fact the BSI was withdrawn in 2022).*

*Overall, 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 July 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 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;*
- *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).*

*Should Revolut have recognised that Ms Y was at risk of financial harm from fraud?*

*It isn’t in dispute that Ms Y has fallen victim to a cruel scam here, nor that she authorised the funds transfers. I’m also aware that whilst I’ve set out the circumstances which led Ms Y to make the payments using her Revolut account, I am mindful that, at that time, Revolut had much less information available to them upon which to discern whether any of the payments presented an increased risk that Ms Y might be the victim of a scam.*

*So, the starting point here is whether the instructions given by Ms Y to Revolut (either individually or collectively) were unusual enough to have expected additional checks to be carried out before the payments were processed. When considering this, I've kept in mind that EMIs process high volumes of transactions each day. And that there is a balance for Revolut to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate.*

*Having looked at Ms Y's prior account usage, her account was typically used for low value day to day transactions. So, I think the transactions of £4,900 and £3,600 were unusual and out of character for Ms Y based on their value. The payments were also being made to a newly set up payee and in quick succession – only fifteen minutes across the first four transactions – which can be common features of scams. Because of this, I think there was sufficient reason for Revolut to suspect Ms Y was at a heightened risk of financial harm from fraud by the points of these transactions. I therefore would've expected Revolut to have taken additional steps or carried out additional checks before processing them.*

#### *What did Revolut do to warn Ms Y?*

*Revolut didn't speak with Ms Y about the transactions. But they've shown that, having identified the first transaction of £93 was going to a new payee, they provided the following warning:*

*"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".*

*And that during the course of the above transactions, including before processing the third and fourth payments, they provided a variety of further online warnings. This, amongst others, included:*

- ***This transaction can be a scam***

*Before sending your money, please be aware that:*

- 1. Fraudsters can fake phone numbers to make it look like the genuine phone number of an organisation*
- 2. Revolut will never call you without verifying via the in-app chat*
- 3. Revolut and other banks will never tell you to move your money into a new 'safe' account*

- ***This transfer may be a scam***

*Our systems identified this transfer highly unusual, and put it on hold. Your transfer is more unusual than 99.2% of all Revolut transfers.*

*...*

***Fraudsters are professionals***

*They'll try to trick you into sending them money by pretending to be someone you trust. They can make their calls, emails and advertisements seem legitimate*

- ***We won't call you to move money***

*Revolut, banks and financial service providers will never ask you to move money to a different "safe" account*

What kind of warning should Revolut have provided?

*I've thought carefully about what a proportionate warning in light of the risk presented would be in these circumstances. In doing so, I've taken into account that many payments that look very similar to these will be entirely genuine. I've given due consideration to Revolut's duty to make payments promptly, as well as what I consider to have been good industry practice at the time these payments were made.*

*At the point of the third transaction of £4,900, I think it would've been appropriate for Revolut to provide a tailored written warning about the risks associated with this type of payment – that being, funds being sent to another UK based account. And here, I'm satisfied that Revolut did this as they made it clear neither they, nor other financial service providers, would ask Ms Y to move money to a 'safe' account. They also warned Ms Y that fraudsters can pretend to be a person of trust, as well being able to make their calls seem legitimate.*

*At which point, I'm aware that R has made various points about the effectiveness of such tailored written warnings – arguing that they aren't sufficient and highlighting that the 99.2% warning is presented on every transfer made, thereby making it valueless. While I note R's point in reference to the regularity in which Revolut provide a percentage to highlight the unusualness of a transfer, I can't agree that the warnings provided were valueless or that they weren't sufficient at this point of the scam journey. This is because, in my view, the warnings provided were clear, relevant and tailored to Ms Y's specific situation. So, while I appreciate Ms Y may not have registered them at the time – possibly due to the inherent pressure applied by the scammers in convincing her that her funds were at risk – I don't think I can reasonably hold Revolut responsible for that.*

*Further, and as I've already said, when considering what steps should be taken to protect customers from the risk of financial harm from fraud, there is a balance for Revolut to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate. Here, given Ms Y had selected 'something else' rather than 'transfer to a "safe account"' as the purpose of the transaction(s), which I consider it was reasonable for Revolut to rely upon, their ability to establish the degree of risk posed to Ms Y was inhibited. Because of this, based on what Ms Y told them, I think the tailored written warnings Revolut provided were proportionate to the risk presented at the point of the third transaction.*

*In relation to the fourth transaction however, I don't consider a tailored written warning was a proportionate response to the identifiable risk – as, by this point, four payments exceeding £8,500 in value in fifteen minutes to a newly set up payee posed an increased risk. And I think this account activity was irregular enough to warrant a greater level of intervention before being processed. I therefore think a proportionate response to that risk would've been for Revolut to have attempted to establish the circumstances surrounding the payment before processing it. I think Revolut should have done this by, for example, directing Ms Y to their in-app chat to discuss the payment further.*

*If Revolut had attempted to establish the circumstances of the £3,600 payment would that have prevented the losses Ms Y suffered from this point onwards?*

*I've given this careful consideration and, had Revolut done so, I think Ms Y's loss from this point onwards could've been prevented. I've taken into account that Ms Y*



*followed the scammer's instructions when making the payments, including providing the reason for the transfers as being 'something else' even though a more suitable option, 'transfer to a "safe account"', was available. But while Ms Y was clearly under the scammer's spell, as she genuinely believed she was speaking to Revolut and B, I haven't seen anything to suggest she was told to lie or withhold information from Revolut.*

*Because of this, had Revolut attempted to contact Ms Y and asked her why she was making the payment, along with those that had recently preceded it, I think it would've led her to question the legitimacy of the calls she had received – as her understanding was the instructions she'd received to transfer the funds had originated from conversations between B and Revolut, and so Revolut would've been aware of what was happening and why they were being made. And I think she would've explained that she was doing so under the instruction of B following a recent conversation with Revolut too. This would've immediately put Revolut on notice that she was falling victim to a safe account scam and thereby warned her as such. I've no reason to think Ms Y wouldn't have been receptive to such a warning – particularly given that she'd only recently contacted Revolut and informed them she'd received an illegitimate text message from a delivery company.*

*It follows that I think, on balance, Ms Y wouldn't have gone ahead and made the £3,600 payment or the subsequent transactions that followed.*

*Should Ms Y bear any responsibility for their losses?*

*I've thought about whether Ms Y should bear any responsibility for her loss. In doing so, I've considered what the law says about contributory negligence, as well as what I consider to be fair and reasonable in all of the circumstances of this complaint including taking into account Ms Y's own actions and responsibility for the losses she has suffered.*

*When considering whether a consumer has contributed to their own loss, I must consider whether the consumer's actions showed a lack of care that goes beyond what we would expect from a reasonable person. I must also be satisfied that the lack of care directly contributed to the individual's losses.*

*Here, I consider that there were sophisticated aspects to this scam – including, for example, the scammer's ability to spoof B's legitimate telephone number, the security processes they undertook such as sending text verification messages and the professional manner in which Ms Y says they handled the calls. I'm also mindful that with these types of scams, the scammers can create a high-pressured environment whereby the victim is required to make decisions quickly in order to protect their funds – thereby impacting their judgement.*

*I must however take into account that Ms Y was provided what I consider were clear, relevant and tailored written warnings to her specific situation. And these made it clear that Revolut, nor other financial service providers, would ask Ms Y to move money to a 'safe' account. I'm also mindful that Ms Y had only recently contacted Revolut to inform them she'd received an illegitimate text message from a delivery company – in which she completed an online form and provided her Revolut card details and personal information. With this in mind, I think it would've been reasonable for Ms Y to have had greater reason to suspect she could be at risk of further contact from illegitimate parties.*

*Because of this, and taking everything into account, I think Ms Y ought to have had*

*sufficient reason to suspect that the calls might not be legitimate. And so, I think it would've been reasonable for Ms Y to have taken greater caution before proceeding. This could've, for example, including contacting Revolut directly to verify what she was being told and that the contact she had received was genuine. If Ms Y had done so, then I consider she would've most likely uncovered that she was being scammed – thereby preventing her losses.*

*I've concluded, on balance, that it would be fair to reduce the amount Revolut pays Ms Y because of her role in what happened. Weighing the fault that I've found on both sides, I think a fair deduction is 50%.*

#### *Could Revolut have done anything to recover Ms Y's money?*

*I'm satisfied Revolut did what they could to recover Ms Y's money upon being informed she'd fallen victim to a scam. Unfortunately, despite contacting the beneficiary bank, they didn't receive a response.*

*I do however note that Ms Y received refunds for the £1 and £3,600 transactions on 19 July 2023.*

#### **Putting things right**

*Given Ms Y has been refunded for the fourth and fifth transactions, her loss for which Revolut could've prevented totals £1,187. And as I've concluded it would be fair to apply a 50% deduction to recognise Ms Y's role in what happened, Revolut only need pay £593.50.*

*Revolut should also add 8% simple interest to the payment to compensate Ms Y for her loss of the use of money that she might otherwise have used.*

#### **My provisional decision**

*My provisional decision is that I uphold this complaint in part. I intend to direct Revolut Ltd to pay Ms Y:*

- 50% of the last three scam payments - £593.50*
- 8% simple interest, per year, on £593.50 calculated from 13 July 2023 to the date of settlement less any tax lawfully deductible."*

Revolut didn't respond to my provisional decision.

R confirmed Ms Y's acceptance.

Given both parties have had the opportunity to respond, I can now proceed with making my final decision on this complaint.

#### **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 the absence of any further points for my consideration, I see no reason to depart from the above. I therefore remain of the view that Revolut is responsible for the loss Ms Y suffered from the point of the fourth payment onwards. And that it would be fair to reduce the award by 50% due to contributory negligence on Ms Y's part in these circumstances. It follows that

I think Revolut should refund £593.50 to Ms Y and pay 8% simple interest to recognise the loss of use of money she suffered.

### **My final decision**

My final decision is that I uphold this complaint in part. I direct Revolut Ltd to pay Ms Y:

- 50% of the last three scam payments - £593.50 .
- 8% simple interest, per year, on £593.50 calculated from 13 July 2023 to the date of settlement less any tax lawfully deductible.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms Y to accept or reject my decision before 21 February 2025.

Daniel O'Dell  
**Ombudsman**