

## The complaint

Mr W complained Revolut Ltd didn't do enough to protect him when he lost money to an impersonation scam.

In bringing this complaint Mr W has been supported by a professional representative, but for ease I'll only refer to Mr W in this decision.

## What happened

In August 2023 Mr W lost money to an impersonation scam. He was tricked into believing that, having clicked on a phishing link in an earlier message, a loan had been fraudulently taken out through his bank account held with a bank I'll refer to as "M". He was told he needed to repay this to stop his credit file being impacted. Under the instruction of the scammer, Mr W took out a £25,000 loan with his bank and transferred £10,000 over a series of small payments to a newly opened Revolut account. From there, Mr W authorised a series of card payments from his Revolut account to unknown third parties, as follows:

Date and time	Amount	Payee
10 August 2023 14:30	£2,480	Payee A
10 August 2023 14:35	£2,000	Payee B
10 August 2023 14:48	£2,410	Payee C
10 August 2023 15:01	£3,110	Payee C
	£10,000	

Revolut refused to refund Mr W's loss. Unhappy with its response Mr W referred a complaint to the Financial Ombudsman. Our Investigator upheld the complaint in part, as he considered Revolut could have prevented the loss from Mr W's final payment.

Revolut accepted our Investigator's findings. Mr W did not. He considered Revolut ought to have intervened sooner, and had it done so his loss could have been prevented.

The complaint was then passed to me to decide. I issued a provisional decision on 20 March 2025, upholding the complaint. For completeness my provisional decision is copied below:

*"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 in August 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;*
- 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;*
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving and the different risks these can present to consumers, when deciding whether to intervene.*

*Should Revolut have recognised that Mr W was at risk of financial harm from fraud?*

*While I don't think Revolut ought to have been overly concerned about the first payment, given its size and destination. I do think it ought to have been concerned by the second payment.*

*By this time Mr W had received eight top ups into the account - each with similar values (approximately £600) and all from the same external account - in the space of 11 minutes. Within that time, he had also instructed two card payments out of the account totalling the exact amount that had been transferred in (£4,640). As this was a new account, I accept that Revolut could not compare this activity to Mr W's usual activity. But I consider the pattern of top ups and payments out was objectively unusual, and indicative of a fraud pattern, whereby Mr W loaded his account from elsewhere and then promptly paid it away.*

*Despite this, Revolut has confirmed that it did not intervene in any of the payments and did not display any warnings as part of the payment journey.*

*What kind of warning should Revolut have provided?*

*I've thought carefully about what a proportionate warning considering the risk presented would be in these circumstances. In doing so, I've taken into account that many payments that look very similar to this one will be entirely genuine. I've given due consideration to Revolut's primary duty to make payments promptly.*

*As I've set out above, the FCA's Consumer Duty, which was in force at the time these payments were 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'm mindful that firms like Revolut have had warnings in place for some time. It, along with other firms, has developed those warnings to recognise both the importance of identifying the specific scam risk in a payment journey and of ensuring that consumers interact with the warning.*

*In light of the above, I think that by August 2023, when these payments took place, Revolut should have had systems in place to identify, as far as possible, the actual scam that might be taking place and to provide tailored, effective warnings relevant to that scam for both APP and card payments. I understand in relation to Faster Payments it already had systems in place that enabled it to provide warnings in a manner that is very similar to the process I've described.*

*I accept that any such system relies on the accuracy of any information provided by the customer and cannot reasonably cover off every circumstance. But I consider that by August 2023, on identifying a heightened scam risk, a firm such as Revolut should have taken reasonable steps to attempt to identify the specific scam risk – for example by seeking further information about the nature of the payment to enable it to provide more tailored warnings.*

*In this case, I think a proportionate response to the identified risk would have been for Revolut to have asked a series of automated questions, so it could narrow down the actual scam risk that may be present, and then provided Mr W with a tailored warning to the likely scam he was at risk from.*

*While it is evident Mr W was being instructed on the actions to take – i.e. what payments to make and where – there has been no suggestion that he was presented with a cover story, or otherwise had any reason to disguise what he was doing. I think it's therefore most likely Mr W would have been honest in his responses and would have selected an option which indicated he was moving money to keep it safe, moving it to another account, or at the very least selected that his payment related to "something else".*

*Given what Revolut knew about the payments (specifically the suspicious pattern of payments into and out of the account), along with Mr W's answers, I would have expected Revolut to provide him with warnings that highlighted the key risks associated with impersonation/safe account scams. At the least I would have expected Revolut to advise Mr W that neither it, nor any other bank or financial institution, would ask him to move his money to keep it safe.*

*If Revolut had provided a warning of the type described, would that have prevented Mr W's loss?*

*Given the scam was perpetrated on the premise that Mr W needed to act promptly to prevent any further damage to his credit file, thereby limiting his opportunity to stop and think before acting, I think any friction from Revolut would likely have made a difference.*

*I have also listened to a call Mr W had with his bank after he made his final payment to the scam. Mr W explains what has happened and asks to confirm that it was his bank contacting him. While Mr W had unfortunately sought this reassurance too late to prevent his loss to the scam, I think it demonstrates that he was trusting of his bank (and indeed the fact that he fell victim to the scam also demonstrates this) and so I think it's most likely he would have listened to the guidance of his bank, or Revolut had they contacted him.*

*As such, I consider that intervention from Revolut, as described above, would most likely have broken the spell, the scam would have been uncovered and Mr W's losses would have been prevented.*

*Is it fair and reasonable for Revolut to be held responsible for Mr W's loss?*

*In reaching my decision about what is fair and reasonable, I have taken into account that Mr W transferred money into his account from an account held with another bank, which may also have had an opportunity to prevent Mr W's loss.*

*But as I've set out in some detail above, I think that Revolut still should have recognised that Mr W might have been at risk of financial harm from fraud when he made the second payment, and in those circumstances it should have declined the payment and made further enquiries. If it had taken those steps, I am satisfied it would have prevented the losses Mr W suffered. The fact that the money used to fund the scam came from elsewhere does not alter that fact and I think Revolut can fairly be held responsible for Mr W's loss in such circumstances.*

*I don't think there is any point of law or principle that says that a complaint should only be considered against either the firm that is the origin of the funds or the point of loss. I've also considered that Mr W has only complained against Revolut. I accept that it's possible that other firms might also have missed the opportunity to intervene or failed to act fairly and reasonably in some other way, and Mr W could instead, or in addition, have sought to complain against those firms. But Mr W has not chosen to do that and ultimately, I cannot compel him to. In those circumstances, I can only make an award against Revolut.*

*I'm also not persuaded it would be fair to reduce a consumer's compensation in circumstances where: the consumer has only complained about one respondent from which they are entitled to recover their losses in full; has not complained against the other firm (and so is unlikely to recover any amounts apportioned to that firm); and where it is appropriate to hold a business such as Revolut responsible (that could have prevented the loss and is responsible for failing to do so). That isn't, to my mind, wrong in law or irrational but reflects the facts of the case and my view of the fair and reasonable position.*

*Ultimately, I must consider the complaint that has been referred to me (not those which haven't been or couldn't be referred to me) and for the reasons I have set out above, I am satisfied that it would be fair to hold Revolut responsible for Mr W's loss from the second payment.*

*Should Mr W bear any responsibility for his losses?*

*I've thought carefully about whether Mr W should bear any responsibility for his 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 the circumstances of this complaint.*

*In my judgement, this was a sophisticated scam with a number of constituent parts – starting with a phishing message, which was used to obtain Mr W's bank details and provided the narrative for the scammers to convince Mr W his account had been hacked. The scammers were also able to generate a verification code on an existing message thread Mr W had with his bank, which I can understand would have been very persuasive. Mr W has also described how the scammers mimicked banking procedures, including providing warnings not to share information, which he again found reassuring.*

*That said, I also accept, with the benefit of hindsight, that some of what Mr W was being guided to do by the scammer seems implausible. For example, setting up an account with Revolut and making payments to named individuals, in order to repay a loan.*

*But I am mindful that the scammer used social engineering tactics to put Mr W into a state of panic where he believed he needed to act immediately to prevent further financial harm. His ability to stop and rationalise was therefore limited. I think it would have taken an intervening act – such as a warning from Revolut – to uncover that these were common scam tactics.*

*Therefore, I don't think it would be fair in these circumstances to make Mr W share responsibility for the losses he suffered.*

### **Putting things right**

*As Revolut ought to have been able to prevent Mr W's losses from payment two onwards, I consider it should refund him £6,890. I'm aware that the funds transferred into Mr W's account came from loan funds, taken out with his bank. As such, I can't say Mr W initially lost the use of funds he would otherwise have had access to. But Mr W has demonstrated that he repaid the loan in full on 12 March 2024, at which point I consider he had lost the use of funds he would otherwise have had access to. As such, I think it would be fair for Revolut to add 8% simple interest to £6,890, from 12 March 2024 to the date of settlement."*

Mr W broadly accepted my provisional decision but sought to clarify the order of payments in dispute. Having reviewed the evidence, I acknowledged I had made an error relating to the order of payments (the correct order is reflected in the table above), which in turn impacted the redress that was due to Mr W. I confirmed with Mr W and Revolut that Revolut should therefore refund £7,520 plus 8% simple interest. Mr W accepted this.

Revolut did not accept my provisional decision and proposed a new settlement offer. It highlighted that the scam Mr W fell victim to was an impersonation of M. It also noted that Mr W's losses (which included loan funds obtained from M) had originated from his account with M. It suggested that the Financial Ombudsman should therefore consider complaints against Revolut and M in tandem, particularly so that consideration could be had for whether Mr W disregarded any warnings from M. In the circumstances, it considered liability should be shared between Revolut and M, and so offered to settle the complaint with a 50% deduction on my proposed settlement.

As there has been no agreement, it's now for me to reach a 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 and having carefully considered Revolut's response to my provisional decision, I am upholding this complaint for the same reasons as I set out in my provisional decision.

I see no reason to revisit my conclusions regarding when I think Revolut ought to have intervened in Mr W's payments, or why I considered proportionate intervention from it would most likely have prevented his loss, as I have received no challenge on these conclusions. Based on Revolut's response, the only issue that remains in dispute is whether Revolut should bear the full liability for Mr W's losses.

Revolut considers that it should only be responsible for 50% of Mr W's preventable loss, as it suggested M should share equal responsibility, particularly in terms of its decision to grant Mr W a loan. Within my provisional decision I set out in some detail why I considered it fair and reasonable for Revolut to be held liable in these circumstances. My conclusions there have not changed. But for completeness I will address the specific objections Revolut has raised.

Revolut said that while it has an obligation under DISP 1.4.1 to investigate complaints "*competently, diligently and impartially, obtaining additional information as necessary*", it is not always able to access pertinent information to assess the complaint – specifically information that relates to the actions of another regulated firm. It also pointed to the Financial Ombudsman's powers to compel disclosure from either party, and ability to consider evidence from third parties. While this is correct, I should clarify that in this case information has been obtained from relevant third parties, including M, and I can confirm this information was carefully considered before arriving at my decision.

Revolut has also pointed to DISP 3.5.2, which sets out that the Ombudsman may inform the complainant that it may be appropriate to complain against some other respondent. Revolut suggests that this should be utilised, as it considers liability should be shared with M.

While Revolut is correct that the Financial Ombudsman can inform a consumer about other respondents they may wish to complain about, it is important to be clear that we cannot compel a consumer to make another complaint or pursue another respondent. In this case Mr W has been asked whether he had complained, or intends to complain, to M, and he has confirmed he does not intend to pursue a complaint about M.

Ultimately, I can only consider the complaint that has been referred to me. And in this case that concerns Revolut's actions in relation to Mr W's payments from his account. For all the reasons set out in my provisional decision, I think it is fair and reasonable that Revolut ought to have intervened and provided a proportionate warning to Mr W which highlighted the risks associated with his intended payments. Had it done so I think it most likely Mr W's loss would have been prevented.

While Mr W has chosen not to pursue M for his losses, I do not think it would be fair or reasonable to reduce the compensation that is due to him. For all the reasons set out in my provisional decision, I am satisfied that it is fair to hold Revolut responsible for Mr W's losses from the second payment onwards.

### **Putting things right**

As Revolut ought to have been able to prevent Mr W's losses from payment two onwards, I consider it should refund him £7,520. I'm aware the funds transferred into Mr W's account came from loan funds from M. As such, I can't say Mr W initially lost the use of funds he would otherwise not have had access to. But Mr W has demonstrated that he repaid the loan in full on 12 March 2024, at which point I consider he had lost the use of funds he would otherwise have had access to. As such, I think it would be fair for Revolut to add 8% simple interest to £7,520, from 12 March 2024 to the date of settlement.

### **My final decision**

For the reasons given above, my final decision is that I partially uphold this complaint. I direct Revolut Ltd to pay Mr W £7,520, plus 8% simple interest calculated from 12 March 2024 to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 6 May 2025.

Lisa De Noronha  
**Ombudsman**