

## The complaint

Miss G complains that Revolut Ltd didn't do enough to prevent her losing money to a scam.

Miss G has used a representative to bring her complaint. But, for ease of reading, I'll mostly just refer to Miss G herself rather than her representative.

## What happened

Miss G says that in September 2022 she responded to a text message offering an 'Energy Bill Support Scheme'. She now recognises that she was the victim of a phishing scam and inadvertently shared details that later enabled her to be targeted.

In October 2022 Miss G was the victim of a scam. As well as holding an account with Revolut, Miss G also had an account with a bank 'M'. Miss G was called by someone who already knew her name and claimed to be from M.

Miss G was told that M had identified some suspicious transactions to merchants in a different part of the UK to where she lived. Miss G was asked to confirm if she'd made the payments and she said she hadn't. Miss G was then told that her account was at risk and that she'd been a victim of a hacker. She was also told she had lost the FSCS 'insurance' for her money – she was passed on to a senior member of the fraud team 'Thomas'.

Thomas asked who else Miss G banked with and where she had regularly transferred money to. Miss G disclosed she had a Revolut account. Thomas told her that a new safe account with M had been set up, but she would first need to transfer her funds to her Revolut account before sending them back to the new account with M. Miss G says she found this to be suspicious at the time and questioned Thomas as to how she could be sure she was speaking to M. Thomas told her to check the number he was calling from matched the number for M from their website, which she did and this reassured her.

Initially Miss G instructed three payments from her account with M to her Revolut account. These were for £2,500, £9,800 and £6,000. All three payments arrived in the Revolut account within about seven minutes of each other. Miss G then made the following two payments to the new 'safe account'.

Payment Number	Amount
One	£10
Two	£18,300

She says that all types of messages were coming up on the Revolut app saying there was a 98% chance that this was a scam. Her statement to Revolut upon reporting the scam said that she read whatever was showing on the app and Thomas told her to answer 'No' to all the questions.

The evidence from Revolut shows that 'Confirmation of Payee' didn't return a result as M weren't part of that scheme at that time.

Miss G says that Thomas then asked her to transfer more money from another account she held with 'H', but this payment didn't go through. Miss G says she didn't interact with H in relation to that payment and H have confirmed they have no record of there being any calls at the time. At this point Miss G's partner arrived home and Thomas spoke to him saying as they shared the same network, his accounts were at risk too. He tried to send money to details provided by Thomas but it didn't go through. So he was then told to transfer his money to Miss G's Revolut account (which he did). While her partner was on the phone to Thomas, Miss G says she says everything felt wrong and strange so she called M herself and was immediately told it was all a scam. This stopped both her and her partner from making any further payments. Miss G says that this all happened towards the end of the day after she'd had a long shift at work. She says she was alone at the time and was put under pressure by the callers. She says they sounded very professional and knowledgeable about banking processes.

Miss G reported the scam to Revolut at 7.06pm, she asked if they could reimburse her. Revolut declined Miss G's claim, in summary they said:

- Their terms and conditions remind customers to be wary of potential scams;
- Miss G was provided with warnings on several occasions and Miss G confirmed she trusted the beneficiary.
- Miss G was referred to an online chat with a specialist, but maintained that she trusted the beneficiary and wanted to continue.
- They made efforts to recover the funds from M which were sadly unsuccessful.

Miss G referred her complaint to our service and one of our Investigators recommended it should be upheld in part. He recommended that Revolut should have gone further in their warnings to Miss G and had they done so, the scam would have come to light. But he also felt Miss G was partly responsible, so he recommended a reduction in award of 25% due to Miss G's contributory negligence. Revolut accepted this outcome but Miss G didn't. She asked for an Ombudsman to make a decision.

In November 2023 I issued a provisional decision which broadly said that I agreed with most of what our Investigator had said, but I thought that a reduction of 50% due to contributory negligence was appropriate in the circumstances of this complaint. Both Miss G and Revolut disagreed. Revolut changed their stance and felt they had done enough and shouldn't have to pay at all, Miss G still didn't agree with there being a reduction.

I'm also aware that Miss G has already complained to M in it's capacity as the recipient bank of her funds. This complaint has already been decided in a final decision and wasn't upheld with no redress being paid. In August 2024 I issued a further provisional decision in which I said:

*"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 in all the circumstances of a complaint, I am 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.*

*Having taken all of the above into account, for the reasons I shall set out below, I've changed my mind from the outcome set out in my previous provisional decision and I'm no longer intending to uphold this complaint. This is largely based on some of the further evidence provided by Revolut. I'm currently minded to conclude that:*

- When Miss G attempted to make her second payment to the scammers – that being the £18,300 payment on 4 October 2022 at 5.21pm (“Payment Two”), Revolut should have recognised that Miss G could be at heightened risk of financial harm from fraud and they should have attempted to establish the circumstances surrounding that payment by, for example, directing Miss G to their in-app chat – this is something Revolut did.
- During the course of the chat when Miss G disclosed that she was making a transfer to an account in her own name, Revolut fairly and reasonably should have probed further, but even if they’d done so, I’m not persuaded this would have resulted in the discovery of the scam or in the prevention of her loss.

*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.*
- *The express terms of the current account contract may modify or alter that position. For example, in Philipp, the contract permitted Barclays not to follow its customer’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 duty to do so.*

*In this case, the terms of Revolut’s contract with Miss G at the time did expressly require them to refuse or delay a payment in certain circumstance or for particular reasons. Those reasons included “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 its contract with Miss G and the Payment Services Regulations to carry out her instructions promptly, except in the circumstances set out in the 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 its contract in Miss G’s case, 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<sup>1</sup>. 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.*

---

<sup>1</sup> The Payment Services Regulation 2017 Reg. 86 states that “the payer’s payment service provider must ensure that the amount of the payment transaction is credited to the payee’s payment service provider’s account **by the end of the business day following the time of receipt of the payment order**” (emphasis added).

*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 October 2022, 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 it was also required by the express terms of their contract to do so).*

*In reaching that view, 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;<sup>2</sup>*
- requiring consumers to provide additional information about the purpose of transactions during the payment authorisation;*
- 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:*

- FCA regulated firms are required to conduct their “business with due skill, care and diligence” (FCA Principle for Businesses 2) and to “pay due regard to the interests of its customers” (Principle 6)<sup>3</sup>.*
- Over the years, the FSA, and its successor the FCA, 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 here, but I nevertheless consider these requirements to be relevant to the consideration of a firm’s obligation to monitor its customer’s accounts and scrutinise transactions.*
- The October 2017, BSI Code<sup>4</sup>, which a number of banks and trade associations were involved in the development of, recommended firms look to identify and help prevent*

---

<sup>2</sup> For example, Revolut’s website explains it launched an automated anti-fraud system in August 2018:

[https://www.revolut.com/news/revolut\\_unveils\\_new\\_fleet\\_of\\_machine\\_learning\\_technology\\_that\\_has\\_seen\\_a\\_fourfold\\_reduction\\_in\\_card\\_fraud\\_and\\_had\\_offers\\_from\\_banks/](https://www.revolut.com/news/revolut_unveils_new_fleet_of_machine_learning_technology_that_has_seen_a_fourfold_reduction_in_card_fraud_and_had_offers_from_banks/)

<sup>3</sup> Since 31 July 2023 under the FCA’s new Consumer Duty package of measures, banks and other regulated firms must act to deliver good outcomes for customers (Principle 12), but the circumstances of this complaint pre-date the Consumer Duty and so it does not apply.

<sup>4</sup> BSI: PAS 17271: 2017 “Protecting customers from financial harm as result of fraud or financial abuse”

*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) and it has since been withdrawn, 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 the practices articulated in the BSI Code remain a starting point for what I consider to have been the minimum standards of good industry practice in October 2022 (regardless of the fact the BSI Code 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 October 2022 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;*
- 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 Miss G was at risk of financial harm from fraud and were the steps it took to warn her sufficient?*

*It isn't in dispute that Miss G has fallen victim to a cruel scam here, nor that she authorised the disputed payments she made to the fraudsters.*

*Whilst I have set out in detail in this provisional decision the circumstances which led Miss G to make the payments using her Revolut account, I am mindful that Revolut had much less information available to them upon which to discern whether any of the payments presented an increased risk that Miss G might be the victim of a scam.*

*I've been provided with statements for Miss G's Revolut account from January 2019, but it's evident that she used the account frequently and seemingly for everyday expenditure.*

*Most payments are for small amounts (under £100) with occasional payments of higher values up to several hundred pounds. In this context, payment two clearly stood out as being unusual – nothing approaching that amount had been sent from the account before and it is a significant amount of money. For completeness, I'm not persuaded that payment one ought to have stood out or that Revolut ought to have done more before processing it. It was only for £10 and even being to a new payee, I don't think it is reasonable to expect Revolut to have done more, given the low value.*

*However, I'm satisfied that Revolut should have identified payment two as carrying a heightened risk of financial harm and should have taken additional steps before allowing it to debit Miss G's account.*

*Revolut have said that as M weren't (at the relevant time) part of the confirmation of payee scheme, Miss G would have seen a warning which would have read:*

*“Account name can’t be checked right now. The recipient’s bank hasn’t responded to confirm their details. Please double check the details and only continue if you’re sure the recipient is trustworthy.”*

*There then would have been two options to either edit the account details, or to continue.*

*As I’ve already mentioned, Revolut did provide a warning when Miss G was attempting to make her payments, that warning 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 that fraudsters can impersonate others, and we will never ask you to make a payment”*

*While this warning does contain some information relevant to Miss G’s circumstances, the warning isn’t particularly prominently displayed, requires no interaction or real engagement from the customer and, in my view, lacks sufficient context to have been impactful in the circumstances of this case. I don’t consider it (in isolation) to be a proportionate response to the risk that payment two presented.*

*When Miss G clicked through the above warning, another warning would have appeared. This said “This transfer may be a scam” and highlighted that it was a risky transfer. Miss G was given the option to ‘cancel the payment’ or ‘continue to pay anyway’ which she must have selected. Another screen was then displayed which highlighted that “Victims lose millions every year...It’s important that you take care and do your research before making a payment as once funds have been received by a fraudster, they’re difficult to get back.” There would then have been another screen displayed which said “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.”*

*Miss G was then asked to choose one of six options as the reason for her payment. These were (in this order):*

- 1. Transfer to a ‘Safe Account’*
- 2. Payment for Goods and Services*
- 3. Investment*
- 4. Paying HMRC or Tax Authority*
- 5. Paying the Police or Law Enforcement*
- 6. Something Else*

*Miss G selected ‘Something Else’ before being directed to the next screen which asked “Have you been asked to ignore scam-related warnings during making the payment?” Miss G selected ‘No’ and would have again moved to the next screen which asked “Did the recipient threaten you with additional fines or imprisonment?” Miss G selected ‘No’ and would have moved to a further screen asking “Are you paying someone you barely know or recently met online?” Again Miss G answered ‘No’ before being asked “Have you ever been asked to pay a fee upfront to receive a large payment amount later?” Miss G answered ‘No’ and was asked a final question of “Have you been asked by someone you were going to pay to unexpectedly change your bank account details?” Miss G responded ‘No’ and then was forced into a chat with a Revolut agent.*

Miss G had her language preference with Revolut set to Portuguese. So, her initial chat was in that language before later moving over to English. Part of the chat is copied below:

**Revolut:** “I see our security system has frozen temporarily your transaction of 18,300.00 GBP to [Miss G] because we think it could be part of a scam or fraud. We’re trying to keep your money protected, bear with us while we check out some details to make sure you really want to make this payment. It is important to always consider the possibility of fraud when making a payment. If you suspect, stop and discuss this payment with us so we can provide advice. You take the risk of losing money that we may not be able to recover. To confirm your identity could you provide us with a photo of you holding a piece of paper with the purpose of your transaction and the handwritten amount next to your face.”

Miss G then uploaded a picture of herself with a piece of paper on which was written “I am paying my own account £18,300”.

**Revolut:** “Have you been asked to install some application (such as AnyDesk or TeamViewer)?

**Miss G:** “No, That never happened.”

**Revolut:** “Are you currently on the phone to someone who is asking you to transfer you [sic] money?”

**Miss G:** “No”

**Revolut:** “Thank you. It is always important to take your time when making a payment to someone new. Would you like me to decline the transfer for you, while you take some time to consider if you would like to transfer to this beneficiary?”

**Miss G:** “Can you make the payment now for me please”.

The payment was then released and sent. Around an hour and a half later, Miss G returned to the chat to report that she’d been scammed.

I think Revolut largely did as I’d expect. As I’ve mentioned above, I think they were correct to identify the additional risk to Miss G associated with payment two. And I also think it was appropriate both to display warnings and to direct Miss G into a chat with an agent.

But I also have to think about the quality of the intervention by Revolut. Whilst asking questions is very important. Revolut should also provide some context as the importance of any questions might not be immediately apparent to the individual making the payment. Miss G was clear that the payment purpose was a transfer to her own account. And I think Revolut with their knowledge of common scams ought to have pushed further on this point and have asked Miss G about the reason for the transfer to her own account. I think it was a failing by Revolut that they didn’t do so.

If Revolut had done all they fairly and reasonably should have, would this have made a difference?

So given I think Revolut ought to have done more at the time, the next consideration is whether it can fairly be said that the failure was causal to the loss Miss G suffered.

Miss G’s recent testimony is that she was told by the scammer to quickly go through any pop-up warnings as time was of the essence to protect her money. However, this contrasts

*against her statement provided to Revolut which is dated 7 October 2022. In this Miss G describes how the scammer directed her to change her chat with Revolut from Portuguese into English. She also describes how the scammer “just kept saying to say NO to all the questions and read whatever is showing on the Revolut app.”*

*I’m placing more weight on Miss G’s statement from the time than on her more recent assertion that she just rushed through the questions without really taking them in. I think it’s most likely that she was, as she effectively said in her statement, reading out what Revolut asked her and that she then answered in line with what the scammer directed her to say.*

*With this in mind, even if Revolut had probed further, I think Miss G would have answered in such a way that the payments still would have gone through. It’s most likely the scammer would have directed her to have replied in a way that would have reassured Revolut. The evidence from the time supports that Miss G was following what the scammer told her to do. This is further supported by the fact that she didn’t choose ‘Safe Account’ as the purpose of the payments when it was the first of the options displayed. And that she answered that she wasn’t on the phone to someone asking her to transfer money. As I don’t think Revolut’s failure here would have made a difference, I can’t fairly and reasonably tell them to do more to resolve this complaint on that basis.*

*I’ve also considered that there was an attempted payment from Miss G’s account with H made as a part of the scam and that this didn’t go through. Miss G says that she had no interaction with H in relation to that payment. Our service reached out to H who said they had no record of any calls. So this doesn’t provide additional evidence either way in my consideration of the complaint about Revolut.*

*Miss G has pointed out that Revolut don’t offer calls to their customers. She’s highlighted a letter from the Financial Conduct Authority (FCA) to the CEO’s of Electronic Money Institutions (EMIs) like Revolut. This letter is dated 21 February 2023 and concerns ‘Implementing the Consumer Duty in Payment Firms’. The context of Miss G raising this is to state that she believes that Revolut have a duty to provide support that meets the consumers needs throughout the life of a product. And she doesn’t believe that not making phone calls is compliant with this. She believes had a phone call rather than an online chat taken place, any confusion would have been removed and she wouldn’t have suffered a loss.*

*I’ve considered this but the Consumer Duty is something that came into force on 31 July 2023. So whilst I’ve taken account of what Miss G has said, I can’t apply the Consumer Duty to events that took place back in October 2022 as it is not retrospective. But I’ve thought about the point Miss G has made about whether Revolut ought to have called her. And, in this case, I’m not persuaded that they needed to, or that by not doing so they have acted unfairly or unreasonably.*

*For completeness, I’ve also seen evidence from the recipient bank which shows that the funds were very promptly moved on from that account. So, I don’t think there were failings or delays by Revolut which impacted what could have been recovered once the scam had been discovered and reported.*

#### *Provisional Decision*

*For the reasons outlined above, but subject to any further information I receive from either Miss G or Revolut Ltd, I’m not intending to uphold this complaint.”*



Miss G responded with some further comments that I'll address below. Revolut didn't respond.

### **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.

Miss G says that Revolut ought to have identified the possibility of a safe account scam. This is because she told them the transfer was to her own account, she used her own name as a reference, her account was newly opened, and had a large amount paid into it before being drained.

Firstly, the evidence from Revolut shows that the account was opened in 2018. And the statements provided from that time until October 2022 (when the scam took place) number around 47 pages. So, I don't agree that the account was recently opened or that it wasn't reasonably frequently used. I can only assume Miss G is mistaken in her recollection of when the account was opened. That being said, as I've covered above, Revolut did ask Miss G the purpose of her payment, with 'safe account' being the first option. But Miss G selected 'something else' instead. I do agree that during the chat with the agent, Revolut ought to have probed further. But for the reasons already stated, I don't think this impacts the outcome of this complaint.

Miss G also disagrees that she was coached or given a cover story. I've considered this and I accept she wasn't given a cover story, but I don't agree that she wasn't coached. The quote included above indicates that she was reading what Revolut put in the chat and then was responding in line with what the scammer told her to say. So even if Miss G didn't realise she was answering inaccurately (as she's suggested), I still don't think she would have disclosed the true purpose of her payments.

Miss G has highlighted another case decided by our service to illustrate her point that safe account scams work through creating a sense of urgency. And that 'closed questions' and warnings might not be appropriate as they aren't always impactful. I accept the point that click through warnings / questions aren't always sufficient. But in this case, Revolut did direct Miss G into a chat with an agent. And she was required to take a selfie, including holding up a piece of paper with the amount and payment reason. These further steps would have created a natural pause (compared to warnings that could have just been clicked through).

Miss G also doesn't believe that her more recent statement that she was rushing through the answers is at odds with her earlier statement to Revolut. I think there is a material difference between just rushing through any questions (without being instructed how to respond) and following guidance as to how to answer. And I'm more persuaded that Miss G was guided as I've set out above.

I've also noted Miss G's point that the scam was ultimately uncovered upon advice from a bank. But the key factor here is that I think it's more likely than not that during the questions, intervention and warnings from Revolut, Miss G was being coached by the scammer as to how to respond. Her own statement about being led by the scammer, the fact that she didn't say that she was on the phone to someone at the time (when asked), and her not selecting 'safe account' when that was presented as one of the options all support this being the case. So whilst I still maintain that Revolut ought to have gone further during their interaction with Miss G, in the circumstances of this case, I don't think it would have got to the point where she would have disclosed the true purpose of her payment such that the scam would have been prevented.

So despite my natural sympathy for Miss G as the victim of a scam, I don't think Revolut need to do more to resolve this complaint.

### **My final decision**

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 2 October 2024.

Richard Annandale  
**Ombudsman**