

The complaint

Miss P is unhappy that Revolut Ltd (Revolut) won't refund the money she lost after falling victim to an impersonation scam.

What happened

I issued my provisional decision on this complaint on 15 August 2024. I wanted to give both sides a chance to provide any further evidence and arguments before I issued my final decision. That provisional decision forms part of this final decision and is copied below.

What happened

On 13 September 2023, Miss P spoke to two fraudsters on the phone for over two hours, who were impersonating HMRC staff. She was tricked into making a series of payments to cover £998 compulsory tax that she owed as an international student, and additional fees which she was told amounted to £8,490. She understood that all payments would be refunded. When she asked why she needed to make the payments, given they were to be refunded, she was told it's the procedure they have to follow.

Miss P said the fraudster seemed to know personal details about her such as her name, email address, where she studied and how long she had been in the UK for. And they called from a phone number which matched a phone number for the Court of Appeals listed on the government's website. They sent Miss P two PDF documents via a social media messenger service, using three different mobile numbers. These documents set out the circumstances behind the payments, and what would happen if she didn't pay, such as arrest and deportation amongst other things.

Miss P moved the funds from her accounts with other banks (Bank N and Bank H) into her Revolut account, and from there she sent the funds to the fraudster. She was told that if she made the payments directly from her other banks, they would block her accounts because she had unpaid taxes, and this was a criminal offence. She understood it would be quicker to pay from Revolut. From her Revolut account, Miss P made eight payments to one payee that she understood to be the bank account of a government department. It was in fact another Revolut account. When Miss P questioned why she had to make multiple individual payments, the fraudster said international students aren't allowed to make large transactions.

I've included a table of the payments made below. The first payment was for tax, and the rest were for associated fees.

No#	Date & Time	Amount
1	13/9/2023 11:42	£998
2	13/9/2023 12:05	£3,000
3	13/9/2023 12:09	£990
4	13/9/2023 12:33	£2,000
5	13/9/2023 13:45	£2,500
6	13/9/2023 14:07	£2,999.97

7	13/9/2023 14:27	£1,500
8	13/9/2023 14:29	£1,499.97

Revolut says when Miss P set up the payee, she selected 'Something else' as the payment purpose. Miss P says the fraudster instructed her to do so, as if Revolut knew she owed tax, her account would be blocked.

When Miss P arrived home, her friend overheard the conversation and told her to end the call. Her friend alerted Miss P that she had been scammed and Miss P reported the matter to Revolut at 14:58 the same day.

On 28 September 2023, Revolut declined to reimburse Miss P because it showed her a series of warnings when she made the payments. I'll come on to talk about these warnings in more detail, later on in the decision. Revolut recovered £3,000.59 from the account Miss P paid, and it credited her account on 15 September 2023. On 18 January 2024, Revolut recovered a further £25.97.

In its final response letter, Revolut said it was not at fault for processing the transfers Miss P authorised in the form and procedure agreed in accordance with its terms and conditions, and it acted in accordance with best practice. It said it fulfilled its duty to protect Miss P by providing sufficient scam warnings, and it did everything in its power to recover her funds. Unhappy with this response, Miss P referred her complaint to our service for further investigation.

Revolut continued to defend the complaint. In summary, it said:

- Its terms and conditions say, "Always make sure you know the person you are making a payment to. If someone approaches you and asks you to make a payment to them, but you are not sure who they are or what the payment is for, you may be a victim of a scam." (...) "We are not responsible if we make a payment to the person you tell us to. even If you gave us the wrong account number, username or phone number by mistake. However, if you ask us to, we'll try to get your money back for you. (...). While we will try to do these things, we don't guarantee that we will, and in some cases we won't be able to."
- It has no legal duty to prevent fraud and it must comply strictly and promptly with valid payment instructions. It does not need to concern itself with the wisdom of those instructions. This was confirmed in the recent Supreme Court judgement in the case of *Philipp v Barclays Bank UK plc* [2023] UKSC 25.
- There are no legal obligations, regulatory obligations, industry guidance, standards or codes of practice that apply to Revolut that oblige it to refund victims of authorised push payment ("APP") fraud. By suggesting that it does need to reimburse customers, it says our service is erring in law.
- Our service appears to be treating Revolut as if it were a signatory to the Contingent Reimbursement Model (CRM) Code. But Revolut is not a signatory to the Code and therefore its rules do not apply. The Payment Service Regulator's ("PSR") mandatory reimbursement scheme rules are not yet in force and so should not be applied either.
- Miss P was grossly negligent by ignoring the warnings it gave and by failing to do due diligence. The PSR's mandatory reimbursement scheme will allow it to decline claims where a consumer has been grossly negligent, taking into account any warnings a firm has provided.

Our Investigator upheld Miss P's complaint in part from payment 3. They thought Revolut could have prevented Miss P's loss from this point, had it made further enquiries. They

recommended Revolut refund Miss P's full outstanding loss from payment 3, together with 8% simple interest per year, from the date the payments were made until the date of the settlement.

Miss P accepted the recommendations of our Investigator. But Revolut didn't agree. In its defence, it said:

- *Our service has recently failed to consider relevant evidence and has reached irrational conclusions on the likely counterfactual if different warnings had been given. Common issues include accepting customer testimony, which is inconsistent with prior behaviour, preferring the customer testimony, and ignoring reliable data on the efficacy of online interventions.*
- *It is extremely unfair to hold Revolut liable for the loss, while even the Investigator themselves agrees that the scam could have been prevented if the customer was truthful with Revolut. It is the customer's duty to be truthful with their financial institutions about their payment purposes, and it is unfair to expect Revolut to guess the customer's real intentions prophetically.*
- *It is completely unreasonable to base a decision on an effectiveness of a hypothetical intervention, while we have proof that the actual interventions that took place did not have any effect on the customer's decisions.*
- *It maintained Miss P was grossly negligent.*

As no agreement could be reached, this case was passed to me for a decision to be issued.

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 doing so, 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 be 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.

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 Miss P 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 its contract with Miss P and the Payment Services Regulations to carry out her instructions promptly, except in the circumstances set out in its contract, which included where regulatory requirements meant it 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, the basic implied requirement to carry out an instruction promptly did not in any event mean Revolut was required to carry out the payments immediately¹. 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 September 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 it was also required by the express terms of its 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;²*
- 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*

¹ 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).

² 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/

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 its customer’s accounts and scrutinise transactions.*
- *The October 2017, BSI Code³, 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).*
- *Since 31 July 2023, under the FCA’s Consumer Duty⁴, regulated firms (like Revolut) must act to deliver good outcomes for customers (Principle 12) and must avoid causing foreseeable harm to retail customers (PRIN 2A.2.8R). Avoiding foreseeable harm includes ensuring all aspects of the design, terms, marketing, sale of and support for its products avoid causing foreseeable harm (PRIN 2A.2.10G). One example of foreseeable harm given by the FCA in its final non-handbook guidance on the application of the duty was “consumers becoming victims to scams relating to their financial products for example, due to a firm’s inadequate systems to detect/prevent scams or inadequate processes to design, test, tailor and monitor the effectiveness of scam warning messages presented to customers”⁵.*

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 September 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*

³ BSI: PAS 17271: 2017” Protecting customers from financial harm as result of fraud or financial abuse”

⁴ Prior to the Consumer Duty, FCA regulated firms were required to “pay due regard to the interests of its customers and treat them fairly.” (FCA Principle for Businesses 6). As from 31 July 2023 the Consumer Duty applies to all open products and services.

⁵ The Consumer Duty Finalised Guidance FG 22/5 (Paragraph 5.23)

particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;

- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;*
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – (as in practice Revolut sometimes does).*

Should Revolut have recognised that Miss P was at risk of financial harm from fraud?

I've reviewed Miss P's account statements from April 2022, when the account was first opened. The account doesn't appear to have been used frequently by Miss P. So Revolut didn't necessarily have the benefit of understanding how Miss P might have typically transacted, at the time of the fraud. However, Revolut did have other information available to it about the payments Miss P was making at the time. For example:

- Miss P told Revolut, when she opened her account, that she intended to use it for 'transfers' and 'scheduled payments', so the method of payment did, more or less aligned with the anticipated use of the account.*
- I can see only three examples of Miss P making faster payments prior to the scam. And these all appear to go to Miss P's own account, with a maximum value of £40. It was not in keeping with previous activity to send eight faster payments out in one day.*
- All of the disputed payments went to a new payee which was an account held with Revolut, in what appeared to be the name of a limited company. The use of a new payee, on its own wouldn't be a clear indicator that Miss P was at risk of financial harm. But a sequence of payments to a new payee could be an indicator of fraud.*
- The payments individually didn't exceed a value of £3,000. The first and fourth payments were just below £1,000 which can, in some scams, commonly appear as an attempt to remain below a firm's fraud detection systems.*
- The payments were made in relatively quick succession. It's common in scams for a fraudster to try to gain as much money from unsuspecting victims as possible. Multiple payments made in quick succession is a possible indicator that a customer might be at risk of financial harm.*
- The account was funded by credits and followed shortly after by corresponding debits when each payment was made. One might question what legitimate reasons someone would have for topping up their account in this way. It's well known that fraudsters often persuade consumers to move funds in smaller values to avoid fraud detection systems.*

I've carefully weighed up the above factors when deciding whether Revolut did enough here to protect Miss P from financial harm due to fraud. I don't think Revolut had any reason to intervene on the first payment – although it did, and I'll come on to talk about this later.

However, by the second payment, I think it Revolut ought to have identified a heightened scam risk, given Miss P had made two payments amounting to almost £4,000 to a new payee in less than half an hour. And it ought to have taken steps to make further enquiries

with Miss P about the reason for making payment 2 – for example by asking a series of automated questions designed to narrow down the type of scam risk associated with the payment she was making.

What did Revolut do to warn Miss P?

Revolut showed Miss P the following warning when she first set up the payee:

*"Do you know and trust this payee?
If you're unsure, don't pay them, as we may not be able to help you get your money back. Remember, fraudsters can impersonate others, and we will never ask you to make a payment."*

When Miss P pressed 'Send' she saw a further message which said 'Are the payee and transfer details correct? Once confirmed, the payment can't be unsent', to which she clicked 'Yes' to proceed.

I'm mindful that this warning is very general in nature, and so I can see why this didn't resonate with Miss P. But as I've already explained, I wouldn't have expected Revolut to intervene on payment 1, so this was proportionate in the circumstances of payment 1.

Revolut took further steps to warn Miss P by putting the first payment on hold and showed her a warning message saying:

*"Something doesn't look right
Your transaction has been flagged by our system as a potential scam. To continue, we need to ask you some questions"*

Miss P clicked 'Continue to questions'. I've included the questions asked in bold and Miss P's answers in italics below:

Please answer truthfully. If you're being scammed, the fraudster may ask you to hide the real reason for this payment

I understand

Is anyone telling you how to answer these questions? Is someone telling you which options to choose or telling you this is urgent?

No, I am not being assisted through this questionnaire

Why are you making this transfer? We'll only use this information to help protect your account

Something else

Select the option that best applies. This helps us identify your level of risk

Making a payment to a friend

Were you told which option to select? If someone is guiding you through this process, it could be a scammer

No, I am selecting on my own accord

Were you told your account isn't safe? Fraudsters will lie to victims, telling them their account is no longer safe and that they need to move their funds to another account

No, I was not told my account isn't safe

Have you been asked to install software? Scammers might ask you to install software (e.g. Anydesk) to view your screen, spy on your personal details and help you to set up your investment

No, I was not asked to install any software

Have you been told to ignore these warnings? If someone is telling you to ignore our warnings, it's likely a scammer

No, I have not been told to ignore warnings

Miss P was then shown a series of warnings on individual screens. These screens said:

(Screen 1) This could be a scam

STOP. Fraudsters use sophisticated tactics to scam customers. Take a moment to think about whether this is a scam.

(Screen 2) Don't give anyone remote access

Scammers may ask you to install software to view your screens. Uninstall software that gives someone else control.

(Screen 3) Be wary of unexpected calls

Fraudsters can make calls look legitimate. Check if the call is genuine by contacting the organisation or person yourself.

(Screen 4) Told your accounts isn't safe?

Financial institutions won't ask customers to urgently move funds. Do not transfer to an accounts you didn't open yourself.

(Screen 5) Never ignore these warnings

Scammers will tell you to ignore warnings.

If you have been told to ignore these warnings then stop, it's a scam.

Revolut says Miss P had to remain on each screen for 15 seconds before proceeding. Miss P remembers being presented with some but not all of these questions and warnings. So, from this intervention, Revolut learned that Miss P was not being coached, she was making the payment to a friend, she wasn't told her account was unsafe nor had she given remote access to her device or was told to ignore warnings.

As I've explained, I think this intervention would have been more appropriate for payment 2 – rather than payment 1. Had Revolut given this same intervention when Miss P made the second payment, rather than the first, I think it's reasonable to assume her response would have likely been the same.

I can understand why the information Miss P provided in response to Revolut's automated questions may have given Revolut some reassurances that the person Miss P was paying was known to her. And considering the value of the payments made, I'm satisfied Revolut could have taken some comfort from the information it had, that the first three payments Miss P made were likely legitimate. So, overall, I'm satisfied that what Revolut did to intervene, at least in relation to the first 3 payments, was proportionate.

However, as the payments continued in rapid succession, and by the time Miss P had made payment 4, the risk of financial harm had increased, and a pattern had begun to emerge that was consistent with fraud. If she was making payments to a friend, as she had stated, it would beg the question why she was making multiple payments in fluctuating values, rather than making a single large payment. And she had passed just under £7,000 through her account in 45 minutes through a series of payments to a new payee. So, the warnings Revolut had given previously were no longer proportionate. At this point, I think it needed to do more to satisfy that the payments Miss P was making, were not related to a scam.

What kind of warning should Revolut have provided for Payment 4?

By payment 4, the activity no longer appeared consistent with the payment purpose given when the payee was created, and the risk had increased. Due to this, Revolut ought to have gone further by attempting to make further enquiries about, not just the purpose of the payments, but the context behind why they were being made. I think it should have done this through a human intervention through its in-app chat.

If Revolut had discussed payment 4 with Miss P, would that have prevented the losses she suffered from payment 4?

I've carefully considered whether further enquiries from Revolut would have made a difference to Miss P making further payments. A relevant factor, which I appreciate Revolut feels strongly about, is that Miss P didn't reveal the true reason for the payments when Revolut first asked her during the creation of the payee. She chose 'Something else' and 'Paying a friend' when she could have selected 'Pay taxes or law enforcement fines'. This would have been a more appropriate payment purpose and would have meant Revolut could have taken steps to warn Miss P against the dangers of HMRC scams, at an earlier point in the scam.

Miss P has confirmed that the fraudster was guiding her through the online payments, telling her what to select. I can understand why, with the threats being made against her, Miss P followed the instructions of the fraudster. But given the prevalence of cover stories, Revolut ought to have done more to establish the circumstances of the payment, beyond the superficial reason given so far, of 'paying a friend'. And as the account Miss P sent the funds to, was held with Revolut, it had the ability to review what was happening to Miss P's funds once they reached the beneficiary account. And I think this information would have caused Revolut further concern that Miss P might not have revealed the true payment purpose so far.

Had Revolut asked some further questions about the activity on Miss P's account, against the reason she had given – paying a friend – I don't think Miss P could have maintained a plausible cover story. And whilst I can't rule out that the fraudsters might have assisted Miss P through such enquiries with Revolut, as they coached her through the warning flow, I don't think it's more likely than not that a plausible cover story, aligning with the original reason given for the payments, could have been maintained.

With that, I think Revolut ought to have realised the potential scam risks here;

- That the payment pattern suggested Miss P might be at a significant risk of financial harm due to fraud.
- That a common cover story is to say the payment is for 'friends or family'.
- That Miss P was likely being coached or told to hide the true reason for the payments.
- That cover stories and coaching is particularly prevalent in impersonation scams.
- A sequence of payments, in rapid succession, to a new payee is a common feature in many scams, especially impersonation scams such as safe account scams and HMRC scams.

Taking all of these things into account, I think the most likely scam risk identifiable here would have been an impersonation scam. And so I don't think it's unreasonable to expect Revolut to have warned Miss P, in greater detail than it had previously, about the common features of impersonation scams such as being told to hide the true reason for the payment and number spoofing, as well as the most common impersonation scams, one of which is a HMRC scam.

I don't think it would be unreasonable to expect Revolut to have covered off some of the key features of HMRC scams, such as being told you owe taxes, and being threatened with arrest, even at a high level, I think this would have resonated with Miss P. Given Miss P did have concerns about the legitimacy of the fraudster in the early stages, I think this would have prompted her to reveal that she was making the payments for tax and fees. In the circumstances of the payments made, this would have been a clear sign she was being scammed and Revolut could have advised as much.

In considering whether a human intervention would have prevented Miss P's loss from payment 4, I do acknowledge that Revolut had already attempted to warn Miss P about some common scam features during the warning flow for payment 1. But I'm not persuaded that her decision to bypass these warnings at payment 1, means she wouldn't have positively engaged with a human intervention from Revolut at payment 4. Not least because it's clear from Miss P's recollection, or lack thereof, of the warning flow, that she was being guided through this by the scammer. And she noted that the warnings she saw commonly appear when she makes legitimate payments, so they did not stand out. However, an in-app chat intervention is not a common occurrence and would require Miss P to read and engage with the questions being asked of her, in order to proceed with the payment. This, compared to clicking yes or no in an automated warning setting, would require a great deal more care and concentration. And whilst the storyboard warning made reference to number spoofing, it didn't clearly explain in an understandable way, how fraudsters are able to make calls look legitimate. So, I can understand why this wasn't enough to deter Miss P in the initial stages of the scam.

It should be taken note of that in the final stages of the scam, Miss P's friend was able to easily convince Miss P to end the call with the fraudster, upon overhearing the call. Miss P made no objections when her friend told her she was being scammed. Ultimately, Miss P believed the scammer because she had so little knowledge of the UK tax system and fraud and scams – not because it was a particularly sophisticated scam.

Taking these things into account, I'm satisfied that with suitable advice and warnings from Revolut, Miss P would have likely realised she was on the phone to a fraudster and would not have proceeded and risked losing her life savings and jeopardising her place at university.

I've also taken into account that Revolut are not signatories to the Lending Standards Board's Contingent Reimbursement Model Code ("CRM Code"). I do not seek to treat Revolut as if it were a signatory. I've explained the basis on which I think, fairly and

reasonably, Revolut ought to have identified that Miss P was at risk of financial harm from fraud and taken further steps before Payment 4 debited her account.

Should Miss P bear any responsibility for her losses?

Revolut has argued that Miss P's actions amount to gross negligence and Miss P, rather than it, should be responsible for the loss suffered. But the Payment Service Regulator's ("PSR") proposed mandatory reimbursement scheme is also not yet in force and so it is not relevant to my decision about what is fair and reasonable in this complaint.

Instead, I've considered Miss P's role in what happened – taking into account what the law says about contributory negligence as well as what's fair and reasonable in the circumstances of this complaint.

Miss P has shown that the scammer was able to spoof the phone number of a government department. And they provided her with official looking letters from HMRC demanding taxes be paid immediately. In addition, Miss P was an international student at the time who had very little understanding of the UK tax system. Furthermore the scammer seemed to know personal information about Miss P such as her name and email address. They also knew where she studied and how long she'd been in the UK for. And whilst she had no reason to believe she owed tax, I can see why she took the fraudster's explanation at face value, given the overall circumstances of the scam, and the threats she was faced with. With this in mind, I don't think Miss P's actions were unreasonable in the circumstances of payments 1-5, and so I don't think there should fairly be a deduction to the amount I'm asking Revolut to refund up to payment 5.

However, when Miss P spoke to the second fraudster, and she made payments 6-8, by her own admittance, the tone of the conversation changed. This fraudster was a lot more threatening to her and Miss P was asked to make further payments as 'custom fees' in order to receive a refund of the fees she had already paid. Such fees were not listed in the letters Miss P was sent so she was not expecting to pay these which I think ought to have caused concern. Miss P explained at this point she had doubts and questioned why she needed to make further payments if they were just going to return them – but she was told this was 'procedure'. She explained she didn't trust the second fraudster she spoke to. He sent her a copy of an ID to prove his identity, and this was a biometric citizen card and a standard photo ID belonging to another bank (Bank B). Although he didn't work for Bank B; he worked for HMRC, but he said Bank B would be refunding her. Evidence of this is no longer available, so I've not been able to understand what persuaded Miss P this was genuine. But I think the scam started to become concerningly implausible at this point.

It's not in dispute that Miss P is the victim here, and I'm very sorry she lost this money. But taking into account the circumstances of the scam by payment 6, I think she ought to have held serious concerns about the requests being made of her. And this should have prompted a more cautious approach from her. Weighing up the actions of both parties, I think a fair deduction is 50% of her loss for payments 6-8.

Recovery of funds

Miss P reported the scam at 14:58 on the same day the payments were made. As the funds were sent to a Revolut Ltd account, I have been provided with evidence that shows Miss P's funds had been debited from the beneficiary account prior to her reporting the scam. So there was nothing more Revolut could have reasonably done to recover any more of Miss P's funds. Whilst it was able to recover further funds in January 2024, I'm satisfied it didn't miss an opportunity to do this at the time she reported the scam.

Trouble & upset

I can understand why losing this money was especially distressing and troubling for Miss P, given she needed to pay her university tuition or risk losing her place and voiding her student visa. However, it's important that I recognise the main cause of Miss P's loss and therefore distress, is the fraudster. Thankfully, Miss P was able to finish her university course as she was able to borrow funds from friends and family to cover her tuition. I understand that Miss P lost out on a 2.5% discount as she couldn't pay her tuition in one lump sum, due to the loss. However, I can't fairly or reasonably ask Revolut to reimburse her for this amount. For the reasons I've set out, I'm not persuaded Revolut could have prevented Miss P's entire loss, and so I don't believe Miss P could have likely still paid her tuition in one instalment, even if Revolut had done what I think it ought to have at the time.

However, I do accept that due to Revolut's failure to intervene in the payments, and the way it handled her claim, this exasperated the distress she was feeling at the time. When Miss P reported the scam, she was told she'd have an outcome on the recovery attempts in 21 days – that being 4 October 2023. However on 23 September 2023, she was told it would take 21 to 30 days again. Revolut did recover £3,000.59 on 15 September 2023, but from the chat history I've seen, she wasn't informed of this until 25 September 2023. Miss P made it clear in her messages to Revolut she was finding it particularly stressful. And concerningly, on 25 September 2023, Miss P made reference to taking her own life, but this was not directly acknowledged by Revolut, nor was any additional support or signposting offered from the evidence I've seen. She was told to wait until 4 October 2023 for an update. When it got to 4 October 2023, Revolut told Miss P there was no update as her case was ongoing. It then gave her the outcome later the same day that it could only recover £3,000.59.

Revolut wasn't as clear as it could have been in the communication and didn't tell her as quickly as it could have done, about the outcome of the recovery attempts. And importantly, it failed to make reasonable attempts to offer Miss P support, when she informed it of the significant toll the case was taking on her mental health. Taking the overall experience Miss P had into account, I think it would be fair for Revolut to pay £150 compensation to reflect the distress and inconvenience caused.

Putting things right

In addition to £150 compensation, I currently think Revolut ought to refund 100% of payments 4 and 5 which I calculate to be a total refund of £4,500. (£2,000 + £2,500 = £4,500)

And Revolut ought to refund 50% of the outstanding loss, for payments 6 to 8. Revolut was successful in recovering £3,026.53 of Miss P's loss. As all the funds went to the same destination, I've deducted these recovered funds from the latest payments (6 to 8) to debit Miss P's account, as these remained in the beneficiary account last. I calculate this to be:

$$\begin{aligned} &£2,999.97 + £1,500 + £1,499.97 = £5,999.94 \\ &£5,999.94 - £3,026.53 = £2,973.41 \\ &£2,973.41 \times 50\% = £1,486.71 \end{aligned}$$

My provisional decision

For the reasons I've explained above, I intend to uphold this complaint in part and tell Revolut Ltd to:

- Refund Miss P a total of £5,986.71 (£4,500 + £1,486.71)

- *Pay 8% simple interest per year, on this refund amount from the date the funds debited Miss P's account until the date of settlement.*
- *Pay £150 compensation*

Miss P accepted my provisional decision and had nothing further to add. Revolut did not 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.

As neither party have provided any new comments or evidence for me to consider, my final decision is unchanged from the provisional findings I've set out above.

My final decision

For the reasons I've explained above, I uphold this complaint about Revolut Ltd in part.

Revolut should now put things right by:

- Refunding Miss P a total of £5,986.71
- Paying 8% simple interest per year, on this refund amount from the date the funds debited Miss P's account until the date of settlement (less any tax lawfully deductible)
- Paying £150 compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 4 October 2024.

Meghan Gilligan
Ombudsman