

Complaint

Mr A is unhappy that Revolut Ltd didn't reimburse him after he told it he'd fallen victim to a scam.

Background

Mr A has complained about losses he suffered after falling victim to a scam. He explains that he received a call from someone claiming to work for the Financial Conduct Authority (FCA), advising him that the security on his bank account had been compromised. Unfortunately, this call wasn't legitimately from an employee of the FCA – it was from a fraudster.

Mr A says he was told that he needed to transfer his funds to a safe account. I understand he was initially sceptical as to whether the call was genuine. He was eventually persuaded that it was because the scammers knew personal information about him, such as his name, date of birth and his card number. The scammers also used number spoofing to make it appear as though the call came from the FCA, which Mr A was unaware could be done. Nonetheless, after he looked up a contact number for the FCA and saw it matched the number of the person calling him, he was persuaded that the call must be a genuine one.

Following the scammers' instructions, Mr A transferred funds from his account at a bank (referred to here as Bank B) to his account with Revolut. Once the money was in his Revolut account, the scammer used his Revolut credentials to make an online payment. Mr A says that they already had all the information they needed to do this. He was told to authorise payments that would supposedly enable an insurance company to safeguard his money. Mr A authorised two payments through the Revolut app for £5,000 and £3,917.82 respectively. Although initially reluctant, Mr A says he was persuaded to proceed believing he was protecting his funds.

Once he realised he'd fallen victim to a scam, he notified Revolut. It didn't agree to refund him. It said it had considered whether Mr A had a valid chargeback claim but didn't think he did. Its final response didn't consider whether there was any other reason why Revolut might be expected to refund him.

Mr A wasn't happy with its response and so he referred his complaint to this service. It was looked at by an Investigator who didn't uphold it. Mr A disagreed with the Investigator's view and so the complaint has been passed to me to consider and come to a final decision.

Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the customer's account.

Mr A has said that he didn't authorise these payments, but I'm not persuaded that's the case. The evidence provided by Revolut suggests that he actively authenticated the payments by responding to the confirmation messages in the app. The pop-up messages he saw likely indicated that he was confirming an online payment. I think it's reasonable to conclude that Mr A understood that he was authorising payments, even though he was under the influence of the scammers' fraudulent reassurances.

However, that isn't the end of the story. Good industry practice required that Revolut be on the lookout for account activity or payments that were unusual or out of character to the extent that they might indicate a fraud risk. On spotting such a payment, I'd expect it to make take steps to warn its customer about the risk of proceeding.

For the first payment of £5,000, I think there were sufficient grounds for Revolut to intervene. Given the size and nature of the transaction, Revolut should have taken steps to assess whether Mr A was at risk of fraud by asking him to confirm the purpose of the payment and then providing a warning tailored to the specific fraud risk identified. However, even if Revolut failed to act as it should have, I must determine whether that failure caused Mr A's loss.

To decide this, I need to consider what would likely have happened if Revolut had intervened as expected. Mr A has pointed out that it cannot be known with certainty what he would've done if Revolut had warned him about the risk of proceeding and that it's speculative to say otherwise. I understand the point he's making. I can't know exactly how he would've responded if Revolut had done what I'd have expected it to do. Where there is such uncertainty, I have to reach a decision on the balance of probabilities – that is, whether the available evidence shows it's more likely than not that he'd have been dissuaded from making the payments.

The available evidence does suggest that Revolut wouldn't have been able to prevent the scam. It should've asked Mr A to confirm the purpose of the payment he was making. But the fraudsters had already told him when he was moving his funds from Bank B that he'd need to give an inaccurate reason for needing to make the payment. I think, on balance, it's likely they'd have done the same here. In addition to that, he'd been directed to provide a misleading explanation for transferring funds from Bank B to Revolut, saying he should claim it was for better exchange rates when spending overseas. It is likely they would have done something similar for the subsequent payments from Revolut.

Given these circumstances, I think it is *likely* that Mr A would have proceeded with the payments even if Revolut had provided a tailored fraud warning. While Revolut should have taken additional steps to protect Mr A, I do not find that its failure to do so caused his financial loss.

For completeness, I've also considered whether Revolut did everything it reasonably could to recover Mr A's funds from the receiving account. Fraudsters tend to move fraudulently acquired funds promptly to frustrate any efforts at recovery and so the prospect of it being able to do so successfully was always remote. The fact that the merchant Mr A paid was based in an overseas jurisdiction further complicated matters.

I can see that it considered whether it should raise a chargeback on his behalf as a way of getting his money back. It opted not to do so, and I don't think that was unreasonable. Mr A authorised payments to a payment remittance firm and its role was to process those funds and allow them to be collected by the recipient. It had, essentially, performed its contract with Mr A, albeit it only did so because he'd been tricked into thinking he was protecting his account. Overall, I don't think Revolut did anything wrong in not pursuing a chargeback on his behalf because it didn't have any prospect of success.

I don't say any of this to downplay or diminish the fact that Mr A has fallen victim to a cruel and cynical scam. I have a great deal of sympathy for him and the position he's found himself in. However, my role is limited to looking at the actions and inactions of Revolut and I'm satisfied it didn't do anything wrong here.

Final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 20 December 2024.

James Kimmitt
Ombudsman