

The complaint

Miss W complains that Revolut Ltd didn't do enough to protect her from the financial harm caused by an impersonation scam, or to help her recover the money once she'd reported the scam to it.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

In July 2023, Miss W was contacted by someone I'll refer to as "the scammer", who claimed to work for HMRC. At the start of the call, there was an automated message which said, 'this is a call from HMRC', followed by the voice of the scammer who told Miss W she was a victim of identity theft and her British Residence Permit ("BRP") card had been used to open various bank accounts. The scammer said there was a warrant for her arrest, and she'd need to safeguard her money with HMRC before her bank accounts were closed. He said she'd be given new bank accounts, and that her money would be returned at the conclusion of the investigation.

The scammer instructed Miss W to safeguard her money by sending funds to a third-party account, but her attempts to do so were blocked by Bank B and Bank S, so he advised her to open an account with Revolut, which she did. She then transferred funds into the account and on 18 July 2023, she made seven transfers totalling £748 to card details supplied by the scammer. She realised she'd been scammed the following day when she tried to contact the scammer, but the message wasn't delivered and a number she'd found online was no longer in service.

She contacted Revolut but it refused to refund the money she'd lost. It said she'd been given a new payee warning asking '*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*'. It said she'd acknowledged the warning before proceeding and it wasn't at fault for processing the payment.

Miss W wasn't satisfied and so she complained to this service. She accepted the scammer had guided her to open the Revolut account, but she said she hadn't been given a cover story to provide if it had contacted her. She explained she was given warnings by Bank B and Bank S, but she sought an alternative way to make the payments because the scammer was very convincing.

Our investigator thought Revolut ought to have been concerned when Miss W made the sixth payment because even though the payments were for small amounts, she was making payments to the same payee in quick succession, which is common in fraud and scams and ought to have raised concerns. She explained that Revolut should have warned her about the scam risk, but she didn't think this would have made a difference because when Miss W was asked by Bank B to provide a payment purpose, she said it was for friends and family.

This led to a warning about impersonation scams: "*If someone claims to be from a bank, the police or a well-known company and tells you to move money out of your account, stop –*

this is a scam'. The payment was subsequently cancelled, and after trying to make the payment from Bank S, she followed the scammer's instructions to open the Revolut account, select multiple payment purposes, and ignore any warnings.

Our investigator was satisfied that if Revolut had intervened when Miss W made the sixth payment, she'd have misled it about the purpose of the payment and followed the scammer's instructions to ignore the warning, so the outcome would have been the same.

Finally, she explained the payments made were 'Push to Card' payments, so the funds were sent directly to a card with an overseas bank and would be difficult to recover. As there were no realistic prospects of recovery, she didn't think Revolut have made an error by deciding that it was unable to recover any funds.

Miss W has asked for the complaint to be reviewed by an Ombudsman. She has reiterated that she was advised by the scammer to choose the friends or family option when asked by Bank B for the payment purpose because he was prompting her throughout.

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, I've reached the same conclusion as our investigator. And for largely the same reasons. I'm sorry to hear that Miss W has been the victim of a cruel scam. I know she feels strongly about this complaint, and this will come as a disappointment to her, so I'll explain why.

I'm satisfied Miss W 'authorised' the payments for the purposes of the of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although she didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of her bank account, Miss W is presumed liable for the loss in the first instance.

There's no dispute that this was a scam, but although Miss W didn't intend her money to go to scammers, she did authorise the disputed payments. Revolut is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

Prevention

Revolut was an emoney/money remittance provider and at the time these events took place it wasn't subject to all of the same rules, regulations and best practice that applied to banks and building societies. But it was subject to the FCA's Principles for Businesses and BCOBS 2 and owed a duty of care to protect its customers against the risk of fraud and scams so far as reasonably possible.

I've thought about whether Revolut could have done more to prevent the scam from occurring altogether. It ought to fairly and reasonably be alert to fraud and scams and these payments were part of a wider scam, so I need to consider whether it ought to have intervened to warn Miss W when she tried to make the payments. If there are unusual or suspicious payments on an account, I'd expect Revolut to intervene with a view to protecting her from financial harm due to fraud.

Revolut gave Miss W a new payee warning before the first payment and there were no further interventions. This was a new account that Miss W had opened for the purpose of the

scam, so there was no account history to compare the payments with, and the payments were low value. However, Miss W made seven payments to the same payee in the space of twelve minutes having transferred funds from another account in her own name. I agree with our investigator that this was a pattern of payments which ought to have raised concerns and that Revolut should have intervened.

Because of the value of the payments and the fact there was no suggestion that the payments were for an investment, I would expect Revolut to have shown her a better automated warning which would involve a series of questions to try and establish the actual scam risk.

I've thought carefully about whether this would have likely prevented any further loss in this case and on balance, I don't think it would have. Miss W lied to Bank B about the purpose of the payment she attempted to make from that account and I've no reason to think she wouldn't have done the same if asked similar questions by Revolut. She also ignored a relevant warning from Bank B and set up the Revolut account on the scammer's advice, providing misleading information about the account purpose.

Miss W has explained that the automated message at the start of the scam call was very convincing, and that the scammer verified his identity by calling from a number he'd guided her to locate online. So, she believed he was genuinely calling from HMRC.

The weight of evidence I've outlined persuades me that Miss W was so taken in by the scammer that she would have misled Revolut about the purpose of the payment which would have prevented it from correctly establishing the scam risk, and she wouldn't have listened to a generic scam warning from Revolut. So, while I agree with our investigator that Revolut missed an opportunity to intervene, I don't think this represented a missed opportunity to have prevented the scam.

Compensation

The main cause for the upset was the scammer who persuaded Miss W to part with her funds. I haven't found any errors or delays to Revolut's investigation, so I don't think she is entitled to any compensation.

Recovery

I don't think there was a realistic prospect of a successful recovery because the funds were sent directly to a card with an overseas bank and would be difficult to recover.

I'm sorry to hear Miss W has lost money and the effect this has had on her. But for the reasons I've explained, I don't think Revolut is to blame for this and so I can't fairly tell it to do anything further to resolve this complaint.

My final decision

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 W to accept or reject my decision before 3 January 2025.

Carolyn Bonnell
Ombudsman