

The complaint

Mrs M complains Revolut Ltd didn't do enough to protect her when she fell victim to an impersonation scam.

What happened

Mrs M has an account with Revolut that she opened in late 2022. She says she uses her account to pay her salary into, which she then transfers to another account. She has an account with another business – who I'll refer to as "M" throughout the rest of this decision. It's that account that she transfers her salary to after it's been paid into her Revolut account.

Mrs M says she received a phone call at 12:15pm on 1 June 2023 from a number she didn't recognise. She says the person calling introduced themselves and said that they were calling from HMRC. She says she was told that criminal and tax related allegations had been made against her and that she was then sent a document saying she needed to pay £3,000 in outstanding tax. Mrs M says the person she spoke to put her under immense pressure and threatened her, amongst other things, with arrest if she didn't pay. She says she panicked and paid the outstanding tax and then a further £1,800 which she says she was told was an allegation cancellation fee. Having done so, she says she was told she'd have to pay a further £2,000 fee for the solicitors involved. Shortly after paying that further fee, Mrs M says her husband arrived home, and told her that the caller was a scammer after listening to the call on speakerphone. Mrs M says she immediately notified Revolut.

Revolut says it took immediate steps to try and recover her money but was unsuccessful as the funds had already been withdrawn. Revolut also said that it wouldn't be able to refund her as its systems had flagged the transactions as being payments to a new beneficiary and it had warned Mrs M of the risks, but she had gone ahead and made the payments. Mrs M complained to Revolut – with the help of a representative – saying that it hadn't done enough to protect her. Revolut looked into Mrs M's complaint and said that it had done nothing wrong, so its position was unchanged. Mrs M was unhappy with Revolut's response, so she complained to us.

One of our investigators looked into Mrs M's complaint and said that they didn't think Revolut would have found the first or second payment suspicious as they were in line with her normal usage. Mrs M, for example, made two transfers on 28 October 2022 of £1,000 and £1,500 and transfers of £4,500 on 29 November 2022 and £3,000 on 22 December 2022. But they did think that Revolut should have found the third payment suspicious as it represented a third payment within an hour to the same new payee and brought the total amount sent within that time to £6,800. Our investigator said that had Revolut intervened at this point and asked suitable tailored questions, Mrs M would have explained what she was doing, and the scam would have been uncovered. So, our investigator thought that Revolut had missed an opportunity to prevent further loss here. Our investigator also thought that there were a number of red flags that should have alerted Mrs M to the fact that this was a scam. So, they recommended that Revolut refund 50% of the third payment she'd made.

Mrs M's representative accepted our investigator's recommendations. Revolut didn't accept them, saying that it had intervened and given Mrs M appropriate warnings and she'd gone

ahead, so it shouldn't be liable. Revolut asked for Mrs M's complaint to be referred to an ombudsman for a decision. Her complaint was, as a result, passed to me.

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.

Last month I issued a detailed provisional decision explaining why I thought Revolut should have done more when Mrs M tried to make the second payment she made and why in this case I thought Revolut should refund payments two and three in full. Both sides were invited to comment. Mrs M accepted my provisional decision. Revolut didn't respond.

Having reconsidered everything the parties have said, I remain of the view that Revolut should refund payments two and three in full. That's because I remain of the view that the second payment wasn't in line with the normal activity on Mrs M's account, that Revolut should have intervened at that stage and that had it done so the scam would have come to light. I also remain of the view that it wouldn't be fair to make a deduction for contributory negligence.

Putting things right

In order to put things right, Revolut should refund payments two and three together with 8% per annum simple interest from the date of payment to the date of settlement.

My final decision

My final decision is that I require Revolut Ltd to refund payments two and three together with 8% per annum simple interest from the date of payment to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 9 November 2024.

Nicolas Atkinson
Ombudsman