

The complaint

Ms F complains that Revolut Ltd didn't do enough to protect her from the financial harm caused by a safe account 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.

On 10 July 2023, Ms F received a call from someone I'll refer to as "the scammer" who claimed to work for Bank M and who told her there was suspicious activity on her account. Ms F accessed her account via the app and saw a payment she didn't recognise with an alert asking if she authorised the payment, which she declined.

The scammer told Ms F they could see that someone was about to take a loan out in her name, at which point she saw a message regarding a loan application. The scammer told her the loan had been approved and that to protect the funds she'd need to move it to a different account. He also said she'd need to send a video of herself to confirm her ID and to click on the application to change the parameters of the loan.

When the loan money appeared in the account, the scammer told Ms F to open an account with Revolut, and then transfer the funds into the new account to stop fraudsters from accessing the funds.

She subsequently made fourteen separate payments from Bank M to the new Revolut account totalling £9,990. And from there, she made six payments totalling £10,000 to an account the scammer had opened in her name with Bank K. She realised she'd been scammed when her boyfriend suggested she might have been the victim of a scam.

Ms F complained to Revolut, but it refused to refund any of the money she'd lost. It said it tried to recover the funds within 24 hours having been notified about the scam, but no funds remained. Ms F wasn't satisfied and so she complained to this service.

Responding to the complaint, Revolut said Ms F was shown a new payee warning when she made the first payment, which asked: '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'. And for payments three and six (which were for ££4,900 and £4,500) she was asked to provide a payment purpose and shown warnings tailored to the purpose she provided. Ms F said the payment was for 'something else', even though 'transfer to as safe account' was more appropriate. And as the account was newly opened, there was no account activity to compare the payments with so it had no reasonable basis to believe she could be the victim of a scam.

Revolut also said Ms F failed to undertake proper due diligence and that she should have ended the calls when she was told her funds were in danger and asked to transfer money to

an account with another bank. She should also have been concerned when the scammer said he'd opened a new account without her consent. It said she went ahead with the payments despite warnings that there was a high risk of the payment being a scam, and she gave an incorrect payment purpose, which prevented it from uncovering the scam. And there was nothing it could have done to prevent the loss because she was blindly following the instructions of the scammer.

It further argued that the payments were self-to-self transactions and for this service to effectively apply the reimbursement rules to self-to-self transactions is an error of law. Alternatively, we have irrationally failed to consider the fact they were self-to-self and therefore distinguishable from transactions subject to the regulatory regime concerning APP fraud. And it is irrational to hold it liable for customer losses in circumstances where Revolut is merely an intermediate link, and there are typically other authorised banks and other financial institutions that have comparatively greater data on the customer.

Finally, it cited the Supreme Court's judgement in *Philipp v Barclays Bank UK plc* [2023] UKSC 25 where Court held that in the context of APP fraud, where the validity of the instruction is not in doubt, 'no inquiries are needed to clarify or verify what the bank must do. The bank's duty is to execute the instruction and any refusal or failure to do so will prima facie be a breach of duty by the bank.'

Our investigator didn't think the complaint should be upheld. She noted Revolut systems triggered when Ms F made the first payment and for two of the payments she was asked to give a payment purpose, in response to which she selected 'something else' before being shown a series of educational stories warning her the transaction could be a scam and to be aware if she'd been instructed '*by someone you don't know or have recently met to move money from your account*' or told '*your account is at risk, to move funds to a safe account or to take out a loan*'.

She noted that the warning Ms F received was relevant to safe account scams. But the payment purpose she selected meant Revolut didn't ask relevant questions which could have uncovered the scam, and the warnings it gave were appropriate based on the information it had. So, she didn't think it needed to take any further action.

Finally, our investigator was satisfied that Revolut did what it could to recover Ms F's money, but the provider of the beneficiary account didn't respond, and there was nothing further it could have done to recover the funds. And she didn't think Mrs F was entitled to any compensation.

Mrs F has asked for her complaint to be reviewed by an Ombudsman. She believes Revolut ought to have blocked the payments because the account was newly opened and funds were immediately transferred out to a third-party account, which was indicative of a scam.

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 Ms F 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 Ms F '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, Ms F is presumed liable for the loss in the first instance.

There's no dispute that there was a scam, but although Ms F didn't intend her money to go to scammers, she did authorise the disputed payments. Revolut Ltd 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

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.

But, 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 July 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 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;
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving and the different risks these can present to consumers, when deciding whether to intervene.

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 Ms F 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.

Ms F was shown a new payee warning when she made the first payment and as this was a low value payment to an account in her own name, I'm satisfied this was proportionate to the risk presented by the payment.

When Ms F made the third payment which was for £4,900, she was asked to provide a payment purpose, in response to which she selected 'something else' before being presented warnings relevant to that selection. I've considered whether this was proportionate to the risk presented by the payment and based on the value of the payment and the payment purpose Ms F selected, I'm satisfied that it was.

Had Ms F selected that she was sending funds to a safe account, I'd have expected Revolut to present warnings relevant to that selection, but as she didn't disclose the real reason for the transfers, I'm satisfied the warnings Revolut gave were sufficient and in the circumstances, I wouldn't expect it to have done anything else.

Recovery

I don't think there was a realistic prospect of a successful recovery because Ms F paid an account in her own name and moved the funds onwards from there.

Compensation

The main cause for the upset was the scammer who persuaded Ms F 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.

Overall, I'm satisfied Revolut took the correct steps prior to the funds being released – as well as the steps it took after being notified of the potential fraud. I'm sorry to hear Ms F 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

For the reasons I've 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 Ms F to accept or reject my decision before 14 April 2025.

Carolyn Bonnell
Ombudsman