

## The complaint

Mr K is complaining that Revolut Ltd won't refund a payment he made after he told them he'd fallen victim to an Authorised Push Payment (APP) scam.

## What happened

The circumstances are well known to both parties, so I won't repeat them in detail here. In short, Mr K was seeking visa sponsorship for his sister, and was contacted by two individuals who said they could help. They provided documents which appeared to be genuine, and when Mr K investigated the company they said they worked for, he found this was a legitimate company registered with Companies House.

In March 2023 Mr K transferred £3,500 to the company from his Revolut account to pay for them to arrange his sister's visa. But Mr K says that no progress was made with his sister's visa despite assurances from the individuals involved, and the company then stopped communicating with him. In November 2023 he contacted Revolut to report the scam. Revolut asked Mr K to provide them with a police report, and when he didn't, they didn't take any further action.

In April 2024 Mr K complained to Revolut through a representative. On receiving the complaint, Revolut attempted to recover the payment from the beneficiary bank. They've told us the beneficiary bank responded to say there were no funds remaining to be recovered.

Mr K wasn't satisfied with Revolut's response to his complaint, so he brought his complaint to us. Our investigator didn't think Mr K's complaint should be upheld. Mr K didn't agree, so his complaint was passed to me for review and a decision.

## My provisional decision

I issued my provisional decision on 21 October 2024. This is what I said.

*I note that the investigator has concluded that she can't be certain, from the evidence provided, that Mr K has been the victim of a scam. But Revolut haven't disputed that Mr K was the victim of a scam. And I don't need to make a finding on whether a scam has taken place here, because I don't think it makes a difference to the fair outcome of this complaint. So, I'm proceeding on the basis that a scam has taken place.*

*I'm sorry to learn about what happened to Mr K. It appears he's been the victim of a cruel scam and so I can understand why he would think his money should be refunded. But I don't think that I can fairly say that Revolut should refund the money he lost. I'll explain why.*

*In broad terms, the starting position at law is that Electronic Money Institutions ("EMI's") such as Revolut are expected to process payments and withdrawals that a customer authorises them 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 March 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 their 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 – (as in practice Revolut sometimes do);*
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.*

*Revolut have a difficult balance to strike in how they configure their systems to detect unusual activity or activity that might otherwise indicate a higher than usual risk of fraud. There are many millions of payments made each day and it would not be possible or reasonable to expect firms to check each one. And, in situations where they do intervene, I would expect that intervention to be proportionate to the circumstances of the payment.*

*The investigator's view was that the payment Mr K made wasn't out of character or suspicious, such that Revolut needed to intervene. And overall, I agree with this. In this case, Mr K had held his account with Revolut for around a year before he made the disputed payment, so they did have some information about how his account was generally run that they could take into account when deciding whether the payment looked out of character. Although it's true that this payment was higher than payments Mr K typically made from his account, he had made a similar value payment around seven months previously, so I don't think the disputed payment would have looked particularly out of character or unusual. I would add that the value of the payment, while of course representing a lot of money to Mr K, was not of a level where I'd necessarily expect Revolut to have been concerned that Mr K was at a heightened risk of financial harm.*

*However, Revolut have told us that, in fact, this payment did flag on their systems as suspicious. And as a result, they asked Mr K to confirm the payment purpose, which he chose as "payments to goods and services." Revolut then provided a general scam warning related to the payment purpose. The warning asked Mr K to think about whether the price of the goods or service was too good to be true, and to research the seller to make sure they're genuine before proceeding.*

*It's clear that this warning did not flag to Mr K that he might be at risk. But nevertheless, I consider that this general warning was a reasonable intervention in the circumstances of this payment. And although it seems Revolut did have some concerns about the payment, given its relatively low value (in the wider context) I don't think the payment was suspicious enough*

*that it would have been a proportionate response for them to intervene in a different way (such as initiating an in-app chat to discuss the payment directly with Mr K.) With this in mind, I don't think Revolut could reasonably have done more to prevent Mr K's loss.*

*There are industry standards around attempting recovery of payments where a scam is reported. Revolut should have attempted to recover Mr K's payment immediately on being told of the scam.*

*Mr K first reported the scam in November 2023 – around eight months after he made the payment. But Revolut didn't attempt to recover it until he contacted them again in April 2024. I think Revolut could have contacted the beneficiary bank more promptly than they did. But as the scam was reported some months after the payment had been made, I think it's highly unlikely any funds would have remained to recover even if they'd done so. So, while I think Revolut could have acted more quickly to recover Mr K's payment, I don't think this would have made a difference to whether the payment could have been recovered.*

*I know this outcome will be very disappointing. However, for the reasons I've explained, my provisional decision is that I don't think Revolut ought to have done more to prevent Mr K's loss. So, it wouldn't be reasonable for me to ask them to refund the payment he made.*

I asked both parties to respond to my provisional decision by 4 November 2024. The investigator contacted Mr K on 6 November 2024 to make sure he'd received the provisional decision, and extended the deadline for him to respond to 11 November 2024. Neither party responded.

### **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 responded to my provisional decision with anything else for me to consider, I see no reason to depart from it.

### **My final decision**

My final decision is that I'm not upholding Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 13 December 2024.

Helen Sutcliffe  
**Ombudsman**