

## The complaint

Miss A is unhappy that Revolut Ltd won't reimburse money she lost as a result of a scam.

## What happened

On 25 October 2024 I issued my provisional decision on this complaint. I wanted to give both parties a chance to respond with any further evidence and arguments before I issued my final decision. That provisional decision forms part of this final decision and is copied below.

### *What happened*

*In November 2022, Miss A, a foreign national who'd recently moved to the U.K. fell victim to an impersonation scam. She received a text message which appeared to come from her bank ("M"), which advised that a direct debit had been set up on her account.*

*Miss A then received a call from an unknown number. The caller claimed to be from M but later transferred her to what was claimed to be a representative of another of her banks ("H"). The representative sent her text messages which appeared to come from H. She was told that her accounts were at risk and that she'd need to set up an account with Revolut in order to secure her funds.*

*She set up a Revolut account, transferred two amounts of £5,000 from her account at H into it and shared a code with the fraudster in order to allow them to set up Apple Pay on a device. Around an hour later, a number of payments using her virtual debit card were attempted. All of those attempts were stopped by Revolut. Miss A contacted Revolut through its in-app chat and said (among other things): 'I'm trying to use my contactless it's not working but my card is fine'. She received no response to her messages and about an hour later she tried to move money from her Revolut account back to her account at H, but was unable to do this either.*

*Miss A then attempted a £9,990 payment from her Revolut account to account details provided by the fraudster. She was provided with a written warning based on the payment reason she chose which was "Goods and services" (a more appropriate reason for the payment would have been 'safe account'). That warning wasn't relevant to her circumstances. She was then directed into a chat with one of Revolut's agents. Revolut initially provided a warning about impersonation scams. Later during that conversation Miss A said that the money was for home improvements, she'd met the person carrying out the work and that the work had already started. Miss A then had to make the payment again, which was successful.*

*Miss A says the fraudster then hung up and she quickly realised that she'd been scammed and reported the matter to Revolut. It said that it wasn't responsible for her loss. It did, however, manage to recover £30 of Miss A's money.*

*Miss A referred the complaint to our service and one of our Investigators upheld the complaint in full. The Investigator thought that Revolut was right to flag the £9,990 payment as being suspicious, but didn't think it went far enough in its questioning. They argued that*

*Revolut should have asked more open questions and asked for more detail about the supposed work that was being carried out. They also thought that Revolut should have asked questions around the card payments. Had Revolut done this, the Investigator thought, the scam would have come to light and the loss would have been prevented. They also didn't think that Miss A should bear any responsibility for the loss – taking into account the sophistication of the scam and her unfamiliarity with the U.K.*

*Revolut didn't agree, in summary it said:*

- *Despite Miss A misleading it about the nature of the payment, it had provided a warning which addressed the actual scam she was falling victim to.*
- *Miss A had a long time (the scam went on for about six hours) to think about what she was being told.*
- *Even if they had asked further questions, it's likely that Miss A, with the help of the fraudsters, would have been able to come up with plausible answers.*
- *It was unfair to suggest that it could have uncovered the actual scam risk, when Miss A was intent on misleading it. It is not a signatory to the CRM Code and the same expectation should not be applied to it.*

*As no agreement could be reached, the case was passed to me for a decision.*

*What I've provisionally 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.*

*In deciding what's fair and reasonable, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.*

*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 November 2022 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; and*
- *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.*

*Should Revolut have considered that Miss A might be at heightened risk of financial harm from fraud?*

*It's not in dispute here that Revolut identified the £9,990 payment as being high risk. I think it was right to do so. The activity that preceded the payment was very unusual – the account had just been opened and two credits of £5,000 had been followed by a series of strange and eclectic card payments – two large transactions to a 'service station' – likely an inner-city petrol station, a £2,500 attempted payment to a cryptocurrency provider and a mobile top-up. None of the transactions were successful.*

*When a £9,990 payment followed soon after, I think Revolut were right to try and establish the circumstances surrounding the payment before allowing it to proceed. Miss A selected the option 'Goods and services' from a list of possible payment reasons. This prevented Revolut from providing a tailored and specific warning in the first instance. But it remained concerned enough to direct Miss A to its in-app chat function. It then further established that Miss A was paying for home improvements, that those works had already started and that she'd met the person carrying out the works in person. Revolut went on to provide some warnings about the risks associated with the kind of payment Miss A says she was attempting. But it also provided a more general warning, which I've copied below.*

*"I can see that our security system has flagged your transaction of 9900 GBP to [third party] for a security review, as it could be linked to a scam. Please be aware that scammers are using increasingly sophisticated techniques to gather personal information and convince customers to transfer funds in complex scams. They can pretend to be a financial institution, government institutions, trusted online merchants or even people you know. They may even contact you from a number that appears to belong to a trusted source."*

*"You should always know who you're dealing with, and if you're even slightly unsure, you should stop the transfer and reach out to your bank and the recipient using details which you've independently researched to confirm the transfer. As a reminder, once the funds leave your account, it is highly unlikely that they can be recovered. You should always ensure that you know and trust the recipient of your transfer, and that you are not being pressured into making this transaction. With this in mind, please can you confirm the purpose of this transaction?"*

*It is important to note that Miss A told Revolut that she wasn't that confident with English. It provided the above warnings only in English, but the conversation (including a warning about scams related to home improvements) continued in her native language. So, some of what Revolut was trying to get across in this warning may not have been fully understood by Miss A, particularly, in my view, as the warning is not particularly clear and lacks impact overall (even to a native English speaker).*

*However, whilst as I've already outlined, while there were reasons for Revolut to be concerned about the payment Miss A was attempting I have to consider whether its intervention was proportionate to the risk the payment presented. I think it was.*

*It had provided both a written warning and attempted to establish the circumstances surrounding the payment. It provided a warning which referenced (albeit not particularly clearly) the actual scam Miss A was falling victim to. It also then went on to provide a specific warning about the purpose Miss A gave for the payment.*

*In the context of a single payment, albeit with some unusual activity preceding it, I think this was sufficient. Had the payments continued, then I might have expected Revolut to do more and for it to establish further information about the circumstances surrounding the payments. But no further payments were made.*

*I'm also struck by how compliant Miss A seems to have been to the fraudsters' instructions, she:*

- *Agreed to move money from her existing bank accounts and open a new account at Revolut.*
- *Provided a code to allow the fraudsters to add Apple Pay to a device.*
- *Contacted Revolut to say that she was attempting to use the contactless feature of her card, knowing this wasn't true. And, later asked it to release the payments she was attempting.*
- *Misled Revolut about the nature of the payments despite the fact the account had been opened for the purpose of moving the money to safety.*
- *Accepted that a series of card payments to various different, unrelated, merchants were all part of the process of keeping her money safe.*
- *Stayed on the phone with the fraudsters for around four hours while they (largely) unsuccessfully attempted to move her money in various ways.*

*I don't seek to blame Miss A and I don't doubt she was the victim of a cruel scam, but I think the above indicates a very high degree of trust in the fraudsters. It's notable that she does not appear to have significantly questioned why she was being asked to take the actions above.*

*On balance, even if I was of the view that Revolut should have done more in relation to the payment in dispute, I'm not persuaded that it would have been able to uncover the scam. More likely, in my view, is that the fraudsters would have simply instructed Miss A on how to answer Revolut's further questions and ultimately I don't think Revolut would have sufficient cause to refuse to make the payment altogether.*

*I've also considered Revolut's attempts to recover Miss A's money. The initial recipient was another Revolut account. Revolut said the money was spent from the recipient account within half an hour. Some of that money was sent to an account at a different payment service provider, but it told Revolut that the money it received was also moved on immediately. Given that Miss A didn't report the scam for more than an hour after the payment, I'm satisfied that Revolut could not have prevented the loss of Miss A's money.*

*My provisional decision*

*I know this will be very disappointing for Miss A, but my provisional decision is that I do not uphold this complaint.*

Revolut didn't provide any further submissions in response to my provisional decision. Miss A's representatives disagreed, in summary they argued:

- *The only relevant warning provided by Revolut was, as I've noted, not impactful and may not have been fully understood. It was therefore not a proportionate intervention.*
- *Revolut ought to have been extremely alarmed about the activity on the account, including the fact it was a new account, significant credits had been received and various unusual payments were being attempted.*

- Miss A told Revolut that she was attempting to use her 'contactless' and her 'card was fine' but it knew this wasn't true because she didn't have a physical card. It was also clear from Miss A's messages that she was under pressure to make the payment quickly.
- The only reasonable explanation for Miss A responding to Revolut's questions in English, despite struggling with the language was that she was being told what to say by the fraudsters in English.
- It didn't think there was any reasonable explanation for Miss A's urgent need to make a payment for home improvements at 1am. Instead, that urgency and the other payments indicated that the activity was simply an attempt to drain the account of funds.
- The answers provided by Miss A in response to Revolut's questions should have been extremely concerning and did not hold up to a reasonable degree of scrutiny.
- Revolut ought to have put the payment on hold until the following day. The fraudster would not have stayed on the phone with Miss A overnight. So, had it done that, the fraud would have come to light and the loss would have been prevented.

### **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 considered Miss A's representative's further submissions carefully, I'm not persuaded to depart from the conclusions reached in my provisional decision.

I don't dispute that the very unusual activity on Miss A's account ought to have caused Revolut considerable concern (though I do not think Miss A's reference to her card or contactless was particularly concerning – given that it could be referring to the virtual card that was used to attempt the earlier payments). I also accept that Revolut did not scrutinise the activity as a whole – it focussed simply on the payment that was being attempted and, I agree, didn't consider the context the payment was being made in.

Nevertheless, I have to consider both what was proportionate in the circumstances and whether a better intervention by Revolut would have prevented Miss A's loss.

As I've set out, Revolut provided a written warning based on the payment purpose selected by Miss A and it provided a warning relevant to the scam taking place. While I have noted the issues with that warning, that doesn't mean I can discount it entirely. I also note that the conversation between Miss A and Revolut shows that she chose to communicate in English not just during the intervention, but after the scam was reported. I think her choice of language in those replies indicated nothing more than a preference to respond in English.

Revolut also questioned Miss A about the purpose of the payment she provided and it gave some appropriate, if limited, warnings. I consider these actions to be an overall proportionate response to the risk this single payment presented, while accepting that the in-app chat intervention was not to a very high standard.

Even if I accepted that Revolut's should have done more, I'm not persuaded that a better intervention would have prevented Miss A's loss. She does not appear to have questioned any of the activity she was being asked to undertake and was extremely compliant with the fraudsters' instructions. I'm not persuaded that Miss A would have revealed the true purpose

of the payment if further questions were asked or that even a clearer, more targeted warning would have dissuaded her from going ahead. While it's *possible* that a delay to the payment until the following day might have prevented the scam, for the reasons I've explained I do not think that such a delay was warranted in these circumstances.

So, while I'm very sorry Miss A has lost her money to a cruel scam, I can't fairly decide that Revolut are responsible for her loss.

### **My final decision**

For the reasons I've explained, I do not uphold this complaint.

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

Rich Drury  
**Ombudsman**