

## The complaint

Mr R complains that Revolut Ltd won't refund money he lost when he was a victim of a purchase scam.

## What happened

The background to this complaint is well known to both parties, so I won't repeat all of it here. But I'll summarise the key points and then focus on explaining the reasons for my decision.

Mr R found a property online which he was keen to rent, so he contacted the person who was advertising the property on an instant messenger app, who we now know to be a scammer.

The scammer told Mr R in order to rent the property he would need to pay an initial deposit of £277 and then the first month's rent of £2,303 to secure the property.

As Mr R believed the rental property was genuine, he made the following payments to the scammer:

Date	Transaction type	Payee	Amount
27 July 2024	Transfer	"THL"	£277
30 July 2024	Transfer	"THL"	£2,303

After making these payments, the scammer told Mr R the property wasn't ready as it was being renovated, and then later that they'd lost the property and so could no longer rent it out. The scammer asked Mr R for his account details to return the funds, which Mr R duly provided, but no further contact was received from the scammer. At this point, Mr R realised he'd been scammed, and he reported it to Revolut on 19 August 2024, and asked them to help recover his funds.

Revolut didn't uphold the complaint, and in short said the following:

- The first payment was stopped, and Mr R was asked questions about the nature of the payment and was provided with scam warnings based on his answers.
- Revolut felt Mr R was negligent by ignoring their warnings and not doing more due diligence before making the payments.
- Both payments were authorised by Mr R.
- Once Revolut were made aware of the scam they reached out to the beneficiary bank.
- No response was received despite numerous chasers, so no recovery was possible.

Mr R was unhappy with the response from Revolut, so he referred his complaint to the Financial Ombudsman Service.

Our Investigator considered everything; however, he didn't think the complaint should be upheld. He explained that although he recognised Mr R made the payment because of fraud, based on the information provided he didn't feel Revolut should reasonably have been expected to prevent this.

The Investigator said the payments wouldn't have looked unusual or suspicious enough for Revolut to intervene beyond their online warnings, as the payments weren't large enough to put Revolut on notice that Mr R was at risk of financial harm. The Investigator also went on to say the payments Mr R made weren't out of character for how Mr R was operating his account— as Mr R had made similar payments in the past so Revolut wouldn't have been able to identify the scam payments as unusual activity.

The Investigator explained Revolut did intervene at the time of the first payment as it was being made to a new beneficiary, and they asked Mr R a series of automated questions and provided him with scam warnings based on the answers he provided. The Investigator felt this was adequate based on the level of risk associated with the payment, as a result, he was unable to say Revolut did anything wrong in following Mr R's instructions in allowing the payments to be processed.

Mr R asked for an Ombudsman to make a final decision, so the complaint has been passed to me to decide.

### **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.

I'm sorry Mr R has been the victim of a purchase scam and I don't underestimate the impact this has had on him. But while I'm sympathetic to Mr R's circumstances, I must consider whether Revolut is responsible for the loss he has suffered. I know this won't be the outcome Mr R is hoping for but, for similar reasons as our Investigator, I don't think they are. I'll explain why.

In broad terms, the starting position in law is that an electronic money institution (EMI) is expected to process payments that their customer authorises them to make. It isn't disputed that Mr R knowingly made the payments from his account – albeit under the direction of the scammer – and so, I'm satisfied he authorised them. Therefore, under the Payment Services Regulations 2017, and the terms of his account, Revolut are expected to process Mr R's payments and he is presumed liable for the loss in the first instance.

However, taking into account the regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Revolut to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

Having reviewed Mr R's account statements, I can't say the payments in question were unusual or large enough based on previous historic activity for Revolut to have seen them as out of character for Mr R. This is because, for example, Mr R had made a payment of just over £2,000 on 26 June 2024 – and so, it wasn't unusual for Mr R to make payments of this amount legitimately on his account occasionally.

I've also taken into consideration that Revolut must strike a balance between allowing customers to be able to use their account and questioning transactions to confirm if they are genuine. But while I don't think these payments were necessarily unusual or out of character for Mr R, I'm aware that the first payment (of £277) did flag on Revolut's system for

additional fraud checks. With Mr R asked a series of questions, which included the purpose of the payment, to which Mr R said it was for a 'Purchase'.

This resulted in Mr R being provided with tailored warnings in relation to purchase scams, which meant to complete the transaction Mr R had to acknowledge and agree to Revolut's risk agreement about the risks associated with such a transfer, which Mr R did.

Once Mr R confirmed he wanted to proceed with the payment, the beneficiary was marked as 'trusted'. Revolut informed Mr R that the payment would be in pending state for 3 hours, along with a message advising Mr R to take some precautionary actions while the time was passing, including getting a second opinion, researching the beneficiary, as well as tips regarding not letting anyone guide him or tell him how to respond to Revolut, and finally sharing some real-life cases of scams that have taken place.

I've also looked at the correspondence Mr R had with the scammer during Revolut questioning the payment, and I can see Mr R said the following to the scammer:

*27/07/24 at 20:59: "Is there a reason my banks flagging your bank account details as a risky transfer?"*

The scammer responded with the following:

*27/07/24 at 21:09: "Every transfer is marked as risky to new recipients. We operate since 2019."*

Because of this, I can be satisfied that Mr R saw the warnings provided by Revolut at the time. Unfortunately, it seems that Mr R reached out to the scammer directly who reassured him that there wasn't anything to be concerned about. And Mr R's confidence in the scammer was likely furthered as he'd initially sent the holding deposit via the online website where he'd found the property on, but this was returned to Mr R by the scammer as they told Mr R: *"We don't use the online website for any payments. We don't want third parties to hold our funds"*. Although, in hindsight, it could be argued going outside of the website's payment system should've raised concerns with Mr R, I can understand why the return of funds might have increased Mr R's belief the rental property being offered by the scammer was genuine.

I know Mr R feels very strongly about what happened, and while I place no blame with him for the loss he suffered, I feel the warnings Revolut displayed were sufficient and proportionate to the identifiable risk in relation to the first payment Mr R attempted. This is because, while it was being made to a new payee (which carries a fraud risk), it was of a low value and Revolut weren't aware that the beneficiary account was being used for illegitimate purposes at the time. Nor was Revolut aware of the surrounding circumstances of the payment at the time – that being Mr R making payments for a rental property via instructions received on an instant messaging app. So, I think it was reasonable for them to provide online warnings regarding purchase scams to Mr R before processing the payments. This included, amongst others, the following:

- ***"RESEARCH THE SELLER***

*Scammers advertise on online marketplaces. Read online reviews of the seller and check the advert carefully*

- ***USE A SECURE PAYMENT OPTION***

*Scammers ask you to use bank transfers instead of the marketplace system. Use the platform's payment system if you can.*

- **ASK FOR PROOF OF OWNERSHIP**

*Fake sellers online do not own the item they advertise. Ask for documentation that proves they own the item.”*

These warnings, in my view, were clear and relevant to Mr R’s situation. Particularly as, in Mr R’s case, the scammer had asked him not to use the website’s payment system but to send the money via bank transfer instead. Because of this, I think Revolut did provide appropriate warnings to Mr R but, sadly, he made the payment(s) nevertheless.

As Mr R authorised the first payment, after being provided the online warnings by Revolut, the beneficiary was marked as ‘trusted’. This meant the subsequent payment of £2,303 was processed without any checks being carried out by Revolut. And considering the checks Revolut had provided in relation to the first payment, and Mr R confirming he was satisfied it was legitimate, I think this was reasonable in the circumstances. So, I don’t think Revolut had to do anything else before processing it.

On a final note, I don’t think Revolut could’ve done anything more to try and recover the money Mr R lost to the scam. This is because once Revolut were notified on 19 August 2024, they contacted the beneficiary institution – and I couldn’t reasonably expect them to do anything before being notified. Unfortunately, no response was received despite Revolut sending two chasers. I have a great deal of sympathy for Mr R and the loss he’s suffered. But it would only be fair for me to direct Revolut to refund his loss if I thought they were responsible for it. For the reasons I’ve explained, I don’t think Revolut are.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr R to accept or reject my decision before 8 January 2025.

Israr Ahmed  
**Ombudsman**