

## The complaint

Mr M complains that Revolut Ltd ('Revolut') won't refund the money he says was lost as the result of a scam.

## What happened

In October 2023, Mr M received a call while he was at work. The caller said they worked for his bank (who I'll refer to as bank X) and that his account had been compromised. They suggested that compromise happened due to Mr M clicking a phishing link.

Mr M was told he needed to take certain steps to secure his account. As part of those steps Mr M was told to take out a loan with bank X and move the loan money from bank X to his Revolut account. He then needed to move the money from Revolut to another account, controlled by the scammer. Mr M was also convinced to take out a credit card with bank X and moved the balance of the credit card to another account, also controlled by the scammer.

Mr M says the caller took him through security and knew his name, address and date of birth. They talked him through each of the screens for every step he had to take, which convinced him that they knew Revolut and bank X's systems. Mr M received a text which appeared to come from bank X, as well as verification through his banking app for bank X, and the caller's phone number appeared to be bank X's genuine number.

Mr M asked the caller why he had to move the funds to his Revolut account, they said as his bank X account was compromised the funds had to go via a secure account.

Mr M says he didn't have to approve any of the Revolut payments and Revolut didn't intervene.

These are the payments Mr M made from his Revolut account. I is a point of sale payment service.

Date	Details of transaction	Amount
23/10/2023	Card payment (disposable Visa) to I	£2,500
23/10/2023	Card payment (Mastercard) to I	£4,500
23/10/2023	Card payment (Mastercard) to I	£1,000
23/10/2023	Card payment (Mastercard) to I	£900

After Mr M made the last payment, he asked when his account would return to its normal position and the call was terminated. Mr M waited for a call back, but quickly realised he'd been the victim of a scam and immediately reported it to Revolut and bank X.

Revolut declined to refund Mr M, saying he'd authorised the payments so they couldn't raise a chargeback.

Bank X also declined to refund Mr M for any of the payments he made to his Revolut account.

Mr M wasn't happy with Revolut's response, so he brought a complaint to our service.

An investigator looked into Mr M's complaint and recommended that Revolut refund from payment two. The investigator felt Revolut should've been concerned when Mr M made the second payment, and if they had intervened, the scam would've been uncovered, and Mr M's loss prevented. But the investigator felt it was fair for Mr M to share responsibility for his loss with Revolut.

Revolut disagreed with the investigator's opinion, saying bank X should've intervened and that any intervention by bank X should be taken into consideration in assessing their liability.

As the case couldn't be resolved informally, it was passed to me to review.

Having reviewed the case, I reached a different answer than the investigator. So, I issued a provisional decision asking both parties for any further evidence they want to be considered before a final decision is issued.

### **My provisional decision**

In my provisional decision I said:

I'm really sorry to hear about the impact this scam has had on Mr M's wellbeing.

Where there is a dispute about what happened, and the evidence is incomplete or contradictory, I have reached my decision on the balance of probabilities – in other words, on what I consider is most likely to have happened in light of the available evidence.

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.

Here it's not in dispute that the payments were authorised, so the starting position is that Revolut isn't liable for the transactions.

There are, however, some situations where we believe that businesses, taking into account relevant rules, codes and best practice standards, shouldn't have taken their customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Revolut also has a duty to exercise reasonable skill and care, pay due regard to the interest of its customers and to follow good industry practice to keep customer's accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Revolut acted fairly and reasonably in its dealings with Mr M.

I'd like to assure Mr M and Revolut that I've reviewed the complaint really carefully in light of all of this. I'm sorry to disappoint Mr M, but in this case, I'm not satisfied that I can fairly ask Revolut to refund him.

I recognise that Mr M made the payments as a result of fraud and I'm really sorry he lost this money. But having looked into what happened, I don't think Revolut should reasonably have been expected to prevent this.

#### Should Revolut have intervened when Mr M made the payments?

Having considered what Revolut knew about the payments at the time they received the payment instruction, I'm not satisfied that Revolut should've been concerned when Mr M made the first payment. While the payment was higher than previous activity on Mr M's account, it was a single payment and I'm not satisfied there was enough to suggest to Revolut that Mr M might be at risk of financial harm.

But I'm persuaded it ought to have been concerned about payment two. I say this because it was the second payment that Mr M had made within a couple of minutes and meant Mr M had sent over £7,000 in a very short period of time. This payment was also unusual compared to Mr M's usual account activity, where he didn't make any payments in excess of a few hundred pounds.

I think Revolut should've asked Mr M a number of questions onscreen in order to identify the purpose of the payment and what type of scam he may be falling victim to. Then, provided Mr M with an onscreen warning that explained the key features of that scam.

I'm not satisfied, based on the payments and the information available to Revolut, that these payments warranted human intervention.

#### Would intervention have prevented Mr M's loss?

It's difficult to know what answers Mr M would've given in response to Revolut's questions and what type of scam would've been identified as a result. I say this because Mr M says the scammer was talking him through every screen he was completing, and I think it's more likely than not they would've told Mr M what payment purpose to select and how to answer the questions. This would've prevented Revolut from giving Mr M a warning relevant to safe account scams and means the warning he was shown is unlikely to have been impactful.

I think it's more likely than not, even if Revolut had identified that Mr M was falling victim to a safe account scam, that the scammers would've given Mr M a believable reason to negate any impact the warning would have. Mr M says he was told at every step what button to press next, and I'm not convinced that an onscreen warning would've uncovered the scam or prevented him from making the payments.

I think it's probable that human intervention would've resulted in a different outcome, but I'm not satisfied that human intervention was proportionate in these circumstances.

#### Chargeback

I've also looked at whether Revolut took the steps it should have once it was aware that the payments were the result of fraud.

Revolut say a chargeback was raised based on Mr M saying the payments were fraudulent – meaning he hadn't authorised them. Based on the information available to Revolut, Mr M had authorised the payments, albeit he did so not realising he was the victim of a scam at the time. I'm satisfied that Revolut haven't acted unreasonably in declining Mr M's chargeback.

The other chargeback reason Mr M could've used, would have been in relation to the merchant not providing the "goods and services" paid for.

Based on the information we have I think it's more likely than not a chargeback under this option wouldn't have been successful either. I say this as its most likely the fraudster received goods or services from the merchant who received Mr M's money – which is what commonly happens in scams.

I realise that Mr M didn't receive any goods and services, but a chargeback would only look at whether the merchant has provided goods or services, not who received them. So, I think it's more likely than not a chargeback raised in relation to goods and services, wouldn't have been successful.

My provisional decision was that I didn't intend to uphold this complaint.

### **Responses to my provisional decision**

Revolut didn't respond to my provisional decision.

Mr M disagreed with the provisional decision and raised the following points:

- The new PSR reimbursement rules require banks to pay back the victims of fraud.
- If Revolut had warned Mr M, he wouldn't have proceeded with the payments.

Under the Dispute Resolution Rules (found in the Financial Conduct Authority's Handbook), DISP 3.5.13, says, if a respondent (in this case Revolut) fails to comply with a time limit, the ombudsman may proceed with the consideration of the complaint.

As the deadline for responses to my provisional decision has expired, I'm going to proceed with issuing my final decision. However, I think it's unlikely that Revolut would've provided any new evidence or information that would've changed the outcome of the case.

### **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 really sorry that Mr M has been the victim of a cruel scam and lost a significant amount of money.

In reaching my decision, I accept that he was the innocent victim of fraud, but I have to reach an answer on whether Revolut can fairly be held liable for that loss.

Mr M has referred to the APP scam reimbursement rules that came into effect from 7 October 2024. Unfortunately, these rules can't be applied retrospectively, so can't be applied to the payments Mr M made.

I have carefully considered Mr M's point, that a warning would've prevented him from making the payments. However, I'm not satisfied that I can fairly conclude it would've.

In this case, I'm persuaded that a proportionate response would've been for Revolut to provide an onscreen warning, for the reasons given above. Mr M has told us that the scammer was talking him through each step of the payment process and telling him what buttons to push. If Revolut had asked for the purpose of the payment, the scammer is likely to have told Mr M to choose the wrong payment purpose, so he wouldn't be shown a

relevant warning about safe account scams. Being shown a warning about another type of scam is unlikely to have been impactful as it wouldn't have resonated with Mr M, and the situation he was in.

I think that human intervention is likely to have been more impactful, but I'm not satisfied that I can fairly say that would've been proportionate in the circumstances of this case.

Having carefully considered all of the evidence, I'm not satisfied that I can hold Revolut liable for Mr M's loss or ask them to refund him.

### **My final decision**

My final decision is that I don't uphold this complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 9 January 2025.

Lisa Lowe  
**Ombudsman**