

## **The complaint**

Miss K complains that Revolut Ltd won't refund money she lost when she fell victim to an impersonation scam.

Miss K is being represented by solicitors in her complaint.

## **What happened**

On 26 October 2023, after having unwittingly clicked on a phishing text regarding re-delivery and providing her card details, Miss K received a call from someone who purported to be from her bank "B". The caller told Miss K that transactions had been attempted on her account and it had become compromised. She was told her account would need to be closed and a new one set up. But because this could take several weeks, she should transfer her funds to a partner bank, i.e., Revolut.

Under the caller's instructions, Miss K set up an e-money account with Revolut and deposited funds from B. When some of the payments were declined by B, the caller asked Miss K to deposit money via another bank "M". This worked in small increments, but M also blocked one of the transfers.

Miss K states the caller advised her that due to her account with B being compromised, they would transfer the funds from her Revolut account to a holding account with B so that she could still use her physical debit card with B to access funds from an ATM. Miss K received notifications on her Revolut app to approve transactions to a merchant she didn't recognise. She queried this with the caller and was advised that the merchant was a third-party technology company who provided payment services to Revolut. Miss K received several approval notifications, and she approved them. Once nearly £5,800 had been approved in six card transactions, the caller ended the call.

Miss K subsequently realised that she'd fallen victim to a scam. She reported the matter to Revolut, but it refused to refund her losses. She complained to Revolut and said it ought to have intervened at the time of the payments. She said if it had, it would have prevented her losses. Revolut didn't uphold her complaint. It said Miss K has completed stronger authentication for the payments by approving them in her Revolut app, and the money couldn't be recovered by a chargeback claim.

Miss K referred her complaint to our service and our investigator wasn't persuaded that Revolut could have prevented her losses. Miss K disagreed, 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'd like to reassure the parties that although I've only summarised the background to this complaint, so not everything that has happened or been argued is set out above, I have read and considered everything that's been provided.

It's not in question that Miss K was the victim of a cruel scam. And it's very unfortunate that she's lost a significant amount of the money. But Revolut doesn't automatically become liable to reimburse her loss. The starting position is that liability for an authorised payment rests with the payer, even where they are duped into making that payment. Here, it's not in dispute that Miss K authorised the transactions in question – she approved them in her Revolut app with the understanding that by completing that step money would be debited from her account. I fully accept that Miss K didn't intend to lose money. But I think it's reasonable for Revolut to have treated the transactions as authorised, as they were correctly authenticated using Miss K's card information and stronger authentication was completed in her app.

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 be good industry practice at the time, I consider it fair and reasonable that in October 2023 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,
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so,
- 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 does including in relation to card payments),
- 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.

The first disputed transaction, for £1,200, flagged as suspicious on Revolut's fraud detection systems and was blocked. From the information Revolut has provided, I can see Miss K was informed that the payment had flagged as a potential scam, and she was asked to review the risks involved. It seems Miss K read and engaged with the review after a further attempt to make the transaction was also blocked. Revolut asked her to answer a series of questions, including whether she was being guided on what to do. Revolut has provided Miss K's response to that question, as well as subsequent questions. I can see she told Revolut that no one was assisting or guiding her.

The next question Miss K was asked was why she was making the payment. She was required to select from a list of options. She selected 'something else'. Following this, Miss K was shown a scam warning over a series of screens which she couldn't skip. These included a warning about scammers using sophisticated tactics to scam customers, and covered scenarios such as scammers asking customers to install software to view their screen, and fraudsters making calls look legitimate. Miss K was advised to check the call is genuine by contacting the organisation herself. She was also warned that financial institutions won't ask customers to urgently move funds to a safe account. On the last screen, Miss K was told to that scammers will tell customers to ignore warnings, and that if she had been told to ignore Revolut's warnings it was a scam.

At the end of the warning, Miss K was presented with the option of unblocking the payment or continue blocking it. She indicated that she wanted to unblock the payment. Revolut provided a final warning in the form of an attestation which required Miss K to tick "I accept" to confirm that she understood and accepted the risks tied to the payment. And that she would only proceed if she was confident that it was legitimate. Following Miss K's confirmation, payments to the merchant were no longer blocked and further attempts were processed.

I've thought very carefully about what happened here. Revolut recognised that the transaction carried a heightened risk of financial harm from fraud and took additional steps. In the circumstances of this case, and given the transaction amount involved, I consider that the steps it took – establishing the nature of the transaction to provide a better automated warning – was proportionate to the risk involved. Unfortunately, Miss K didn't respond to Revolut's queries accurately. For instance, she reassured the EMI that she wasn't being guided. I'm also mindful that some of the scenarios covered in Revolut's warning, which couldn't be skipped, applied to Miss K's circumstances. So, they ought to have resonated with her.

Miss K's representative submits that it doesn't believe Revolut's intervention was impactful. The representative states that an automated warning based on the 'something else' response – which Miss K selected after discussing the options with the scammer – is not fit for purpose and nothing more than a tick box exercise.

I've considered the representative's appeal, but I disagree that Revolut's warning was a tick box exercise. Revolut took steps to identify the specific scam risk involved. This started with the first question about whether Miss K was being prompted or guided by a third party, such as telling her which buttons to tap or giving instructions over the phone. It then provided a series of payment purpose options. I acknowledge that the list wasn't exhaustive, so not all scenarios would have been captured. But most scam scenarios would have. We know Miss K selected the option that she did because the scammer told her to. But there was a more appropriate option – "to transfer to another account". Had this payment purpose been selected, it's my understanding that at the time of Miss K's payments, the warning she would have seen would have covered more scenarios about safe account scams, such as being told the account isn't safe and the destination account not being in the customer's control.

The warning Miss K was shown based on her payment purpose selection did cover one of these scenarios. While I don't doubt that Miss K felt panicked, I'm satisfied that Revolut's questions to identify the specific type of scam risk involved were proportionate to the risk involved. What this means in that under the circumstances, I don't consider Revolut acted unfairly in lifting any restrictions on Miss K's card or account.

The remaining transactions – to the same merchant – were lower or similar in value to the one Revolut had intervened on. Given the increased spending activity to the merchant in one day arguably Revolut should have intervened again during one of the later transactions. I consider a proportionate response to the risk identified would have been for Revolut to have asked a series of automated questions designed to narrow down the type of risk associated with payments being made. Had it done so, on balance, I'm not convinced that the scam would have been uncovered. This is because I think Miss K would likely have responded to Revolut's questions in the same way as she had done previously. She would have assured Revolut that she wasn't being guided or prompted by a third party, and she would have selected 'something else' as the payment purpose.

I appreciate that the merchant involved was associated with cryptocurrency related activities. But I've also taken into account that many payments that look very similar to these will be entirely genuine. I've given due consideration to Revolut's duty to make payments promptly, as well as what I consider to have been good industry practice at the time. While I recognise that Miss K's representative feels strongly that a direct intervention ought to have happened, in the individual circumstances of this case, I consider asking a series of questions to provide a better automated warning would have been adequate intervention.

I've also thought about whether Revolut could have done more to recover the funds once it became aware of the situation, as in some circumstances the money can be recovered. As these were card payments, the recovery avenue would have been limited to raising a chargeback. I don't consider that a chargeback would have had any prospect of success given the merchant would most likely have been able to evidence that cryptocurrency was provided in exchange for Miss K's payments.

In conclusion, I know that Miss K will be disappointed with this outcome. Despite my natural sympathy for the situation in which she finds herself due to the scammer's actions, for the reasons given, it wouldn't be fair of me to hold Revolut responsible for her loss.

### **My final decision**

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 28 April 2025.

Gagandeep Singh  
**Ombudsman**