

## The complaint

Mr P complains that Revolut Ltd (Revolut) won't refund the money he lost to a scam.

## What happened

I issued my provisional decision on this complaint on 20 December 2024. I wanted to give both sides a chance to provide 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*

*The background to this complaint is well known to both parties, so I won't repeat it in detail here, but in summary I understand it to be as follows.*

*In July 2023, Mr P saw an advertisement on social media for an investment opportunity which interested him. Mr P recalls making an initial investment of around £250, before he was subsequently contacted by a fraudster who arranged access to an investment platform. After seeing a small profit on his initial investment within a week, Mr P agreed to invest more.*

*Using a remote access software, the fraudster helped Mr P set up a new Revolut account on 18 July 2023, and an account with a cryptocurrency exchange platform (that I'll call B). The fraudster also encouraged Mr P to take out a loan on 15 August 2023, which he used to make payments of £6,644 and £2,400 towards the scam.*

*In late August 2023, when Mr P attempted to withdraw funds from his investment, he was told he had to pay more money. The fraudster convinced him to take out a second loan on 23 August 2023 and send further amounts of £5,100 and £3,500 towards the scam. After he made his final payment on 26 August 2023, he didn't hear from the fraudster again and he lost access to his B account.*

*On 31 August 2023, Mr P reported the scam to Revolut via email. It originally emailed Mr P on 7 September 2023 confirming he'd be reimbursed in 24 hours. However when this refund didn't materialise, Mr P contacted Revolut to be told this email had been sent in error and it would not be refunding him. Revolut was able to recover £4,315.89 of Mr P's funds on 13 September 2023, and a further £717.98 on 16 January 2024.*

*Mr P referred his complaint to our service, but Revolut maintained that it was not liable for his loss. I've summarised its arguments below;*

- *In accordance with the Payment Services Regulations 2017 ("PSR 2017"), and the general banking terms and conditions, Revolut should process authorised payments promptly. And as a starting point, Mr P is liable for payments he has authorised.*
- *It has no legal duty to prevent fraud and it must comply strictly and promptly with valid payment instructions. It does not need to concern itself with the wisdom of those instructions. This was confirmed in the recent Supreme Court judgement in the case of Philipp v Barclays Bank UK plc [2023] UKSC 25.*

- *The activity aligned with the account opening purpose of 'transfers'.*
- *It provided sufficient scam warnings for the transactions in dispute, but as Mr P provided incorrect information about the payments, a further intervention wouldn't have made a difference.*
- *It attempted to recover Mr P's funds and did so within industry standard timeframes.*
- *Our service appears to have treated Revolut as if it was a member of the Contingent Reimbursement Model (CRM) Code or as if the mandatory reimbursement rules proposed by the PSR applied. But Revolut is not a signatory to the Code and therefore its rules do not apply. The mandatory reimbursement rules were not yet in force and so should not be applied either.*
- *Mr P ignored the warnings Revolut gave and didn't perform due diligence which it thinks was negligent and displaces any liability Revolut might have.*

*Our Investigator looked into the complaint, but they didn't agree that Revolut could reasonably have been expected to prevent Mr P's loss. This is because Revolut discussed some of the payments with Mr P, and he wanted to proceed. However they thought that Revolut's customer service when handling the scam claim, fell below an acceptable standard. So they recommended Revolut pay £150 compensation for the distress and inconvenience it caused Mr P.*

*Revolut accepted this outcome, but Mr P did not. He did not state the reasons why, but he asked for the case to be passed to an ombudsman for a final 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.*

*And, as the Supreme Court has recently reiterated in Philipp v Barclays Bank UK PLC, subject to some limited exceptions banks have a contractual duty to make payments in compliance with the customer's instructions.*

*In that case, the Supreme Court considered the nature and extent of the contractual duties owed by banks to their customers when making payments. Among other things, it said, in summary:*

- *The starting position is that it is an implied term of any current account contract that, where a customer has authorised and instructed a bank to make a payment, it must carry out the instruction promptly. It is not for the bank to concern itself with the wisdom or risk of its customer's payment decisions.*
- *At paragraph 114 of the judgment the court noted that express terms of the current account contract may modify or alter that position. In Philipp, the contract permitted Barclays not to follow its consumer's instructions where it reasonably believed the*

*payment instruction was the result of APP fraud; but the court said having the right to decline to carry out an instruction was not the same as being under a legal duty to do so.*

*In this case, the terms of Revolut's contract with Mr P modified the starting position described in Philipp, by expressly requiring Revolut to refuse or delay a payment "if legal or regulatory requirements prevent us from making the payment or mean that we need to carry out further checks".*

*So Revolut was required by the implied terms of its contract with Mr P and the Payment Services Regulations to carry out their instructions promptly, except in the circumstances set out in its contract, which included where regulatory requirements meant it needed to carry out further checks.*

*Whether or not Revolut was required to refuse or delay a payment for one of the reasons set out in its contract, the basic implied requirement to carry out an instruction promptly did not in any event mean Revolut was required to carry out the payments immediately<sup>1</sup>. Revolut could comply with the requirement to carry out payments promptly while still giving fraud warnings, or making further enquiries, prior to making the payment.*

*And, I am satisfied that, taking into account longstanding regulatory expectations and requirements and what I consider to have been good industry practice at the time, Revolut should in August 2023 fairly and reasonably have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances (irrespective of whether it was also required by the express terms of its contract to do so).*

*In reaching the view that Revolut should have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances, I am mindful that in practice all banks and EMI's like Revolut do in fact seek to take those steps, often by:*

- using algorithms to identify transactions presenting an increased risk of fraud;<sup>2</sup>*
- requiring consumers to provide additional information about the purpose of transactions during the payment authorisation process;*
- using the confirmation of payee system for authorised push payments;*
- providing increasingly tailored and specific automated warnings, or in some circumstances human intervention, when an increased risk of fraud is identified.*

*In reaching my conclusions about what Revolut ought fairly and reasonably to have done, I am also mindful that:*

- Electronic Money Institutions like Revolut are required to conduct their business with "due skill, care and diligence" (FCA Principle for Businesses 2), "integrity" (FCA Principle for Businesses 1) and a firm "must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management*

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<sup>1</sup> The Payment Services Regulation 2017 Reg. 86(1) states that "the payer's payment service provider must ensure that the amount of the payment transaction is credited to the payee's payment service provider's account **by the end of the business day following the time of receipt of the payment order**" (emphasis added).

<sup>2</sup> For example, Revolut's website explains it launched an automated anti-fraud system in August 2018: [https://www.revolut.com/news/revolut\\_unveils\\_new\\_fleet\\_of\\_machine\\_learning\\_technology\\_that\\_has\\_seen\\_a\\_fourfold\\_reduction\\_in\\_card\\_fraud\\_and\\_had\\_offers\\_from\\_banks/](https://www.revolut.com/news/revolut_unveils_new_fleet_of_machine_learning_technology_that_has_seen_a_fourfold_reduction_in_card_fraud_and_had_offers_from_banks/)

systems” (FCA Principle for Businesses 3).

- Over the years, the FCA, and its predecessor the FSA, have published a series of publications setting out non-exhaustive examples of good and poor practice found when reviewing measures taken by firms to counter financial crime, including various iterations of the “Financial crime: a guide for firms”.
- Regulated firms are required to comply with legal and regulatory anti-money laundering and countering the financing of terrorism requirements. Those requirements include maintaining proportionate and risk-sensitive policies and procedures to identify, assess and manage money laundering risk – for example through customer due-diligence measures and the ongoing monitoring of the business relationship (including through the scrutiny of transactions undertaken throughout the course of the relationship). I do not suggest that Revolut ought to have had concerns about money laundering or financing terrorism here, but I nevertheless consider these requirements to be relevant to the consideration of Revolut’s obligation to monitor its customer’s accounts and scrutinise transactions.
- The October 2017, BSI Code<sup>3</sup>, which a number of banks and trade associations were involved in the development of, recommended firms look to identify and help prevent transactions – particularly unusual or out of character transactions – that could involve fraud or be the result of a scam. Not all firms signed the BSI Code (and Revolut was not a signatory), but the standards and expectations it referred to represented a fair articulation of what was, in my opinion, already good industry practice in October 2017 particularly around fraud prevention, and it remains a starting point for what I consider to be the minimum standards of good industry practice now (regardless of the fact the BSI was withdrawn in 2022).
- Since 31 July 2023, under the FCA’s Consumer Duty<sup>4</sup>, regulated firms (like Revolut) must act to deliver good outcomes for customers (Principle 12) and must avoid causing foreseeable harm to retail customers (PRIN 2A.2.8R). Avoiding foreseeable harm includes ensuring all aspects of the design, terms, marketing, sale of and support for its products avoid causing foreseeable harm (PRIN 2A.2.10G). One example of foreseeable harm given by the FCA in its final non-handbook guidance on the application of the duty was “consumers becoming victims to scams relating to their financial products for example, due to a firm’s inadequate systems to detect/prevent scams or inadequate processes to design, test, tailor and monitor the effectiveness of scam warning messages presented to customers”<sup>5</sup>.

Overall, 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 August 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 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;

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<sup>3</sup> BSI: PAS 17271: 2017” Protecting customers from financial harm as result of fraud or financial abuse”

<sup>4</sup> Prior to the Consumer Duty, FCA regulated firms were required to “pay due regard to the interests of its customers and treat them fairly.” (FCA Principle for Businesses 6). As from 31 July 2023 the Consumer Duty applies to all open products and services.

<sup>5</sup> The Consumer Duty Finalised Guidance FG 22/5 (Paragraph 5.23)

- *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).*

*I've taken these things into account when deciding whether Revolut ought to have recognised that Mr P was at risk of financial harm from fraud.*

*Should Revolut have recognised that Mr P was at risk of financial harm from fraud?*

*Revolut was concerned about the first payment Mr P made for £6,644 on 15 August 2023, due to potential unauthorised access to his account from a browser that was not directly involved in the transaction. In light of these concerns, it forced Mr P into the in-app live chat to speak to a member of staff, which I think was reasonable. Prior to this chat, Mr P had told Revolut the payment was for 'Something else' from a list of populated payment purposes. This didn't really give Revolut much insight into the reason behind him making this payment, so the live chat was a good opportunity for Revolut to make further enquiries with Mr P to satisfy he wasn't at risk of financial harm from fraud and to warn him against the risks of proceeding.*

*What did Revolut do to warn Mr P?*

*Revolut showed Mr P a warning when he created each new payee which said 'Do you know and trust this payee? If you're unsure, don't pay them, as we may not be able to help you get your money back'. This warning was generic in nature and not specific to any one scam type. So I can see why it didn't resonate with Mr P.*

*Mr P was asked to select a payment purpose for payments 1, 2 and 3. He chose 'Something else' and each time he was shown an online written warning about different tactics used by fraudsters more broadly across different scams. I accept that Mr P could have chosen 'Investment' as a more accurate payment purpose. He says he was instructed by the scammer to choose 'Something else', and he didn't see the 'Investment' option. Regardless, Mr P continued to discuss payments 1 and 3 via live chat, so there was a further opportunity for Revolut to make enquiries with him about the payments he was making and give a suitable warning.*

*During both of these interventions on the live chat, Revolut gave general warnings which covered off multiple scams. Specifically Revolut said;*

*'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, an exciting investment opportunity or even people you know. They may even contact you by phone or SMS from a number that appears to belong to a trusted source, such as Revolut or another bank.'*

*Whilst there was a nod to investment scams, this reasonably didn't resonate with Mr P as the warning was too broad.*

*When it discussed payment 1, there seemed to be a focus on safe account scams with warnings and questions being tailored to this scam. But Mr P confirmed this wasn't the reason for his transfer. Following this, Revolut asked Mr P a series of closed questions about payment 1, requiring him to simply answer yes or no. These questions, again, covered a broad range of scams, and in response, Mr P simply answered 'No'. I note the questions were all sent at once (six in total) – rather than Revolut asking follow-up questions in response to information Mr P provided. Our Investigator included these questions in their view. I note only the following two questions were relevant to Mr P;*

- Have you been asked to pay an upfront fee as part of an investment in the promise of receiving a larger payment later?
- Have you been asked to install any apps (such as AnyDesk or TeamViewer) on your computer or phone?

After Mr P responded, Revolut simply repeated the broad warning it gave him when he first entered the live chat and asked him to confirm his acceptance of the risks in proceeding. He was not asked to explain the reason for making the payment during this 40 minute intervention.

When it discussed payment 3, Revolut asked Mr P what the payment was for to which he said, 'It's personal...Can you please spread [sic] things up I'm in a hurry'. I think this reluctance to answer Revolut's questions, and being in a rush, ought to have been a red flag to Revolut. In response, Revolut repeated the same scripted warning it had shown Mr P twice when it had discussed payment 1. It then asked him to complete the same process to verify himself with a selfie, and it gave him the same warning about safe account scams.

Revolut did, in this intervention, ask Mr P who the beneficiary was, to which Mr P said it was his partner's account. This is what the fraudster told him to say. Revolut didn't probe this further, but instead asked the same questions it asked him during payment 1, concerning unexpected contact. It also asked him about downloading remote access software, to which Mr P said 'No'. Finally, Mr P was asked to acknowledge the risks of proceeding with the transaction, and the payment was released.

I note during this intervention Revolut did say 'No bank or institution should be guiding you on what to say on chat support. If they are, they are trying to scam you and you should let us know immediately'. This was relevant to Mr P. However I'm mindful this was included as part of a warning about Revolut being impersonated which again felt targeted at safe account scams.

Revolut has not provided evidence of an intervention on payment 4, nor has it shown me whether Mr P selected a payment purpose.

#### What kind of warning should Revolut have provided?

Given the concerns Revolut had about unauthorised access when Mr P made payment 1, which could be indicative of either a fraud or scam, it ought to have done more to uncover the reason for him making the payment. Its failure to ask Mr P open-ended and probing questions about the payment during the live chat, meant he was given general warnings which weren't relevant to the scam he was at risk of. It also hindered Revolut's ability to uncover the true reason for the payments and ultimately to protect Mr P from financial harm.

The opportunity was there, in a live chat environment, for Revolut to ask Mr P targeted questions to get to the bottom of the payments he was making. And by reacting to Mr P's answers and tailoring its line of questioning to drill down to a specific scam risk, it would have been able to test any potential cover story that might have been being used. Given the prevalence of scams involving cover stories and coaching, I'd expect Revolut to be alive to the fact that customers could be withholding the true reason for the payment. Mr P simply said the payment was for 'Something else' and offered little more by way of information. I accept Revolut did include reference to coaching in its interventions as I've already mentioned. But such references, in my opinion, did not go far enough to have an impact on someone who is under the spell of a fraudster.

*Taking this into account, along with the recognised risk that a third party might be accessing his account, I think Revolut ought to have been concerned that Mr P was at risk of being scammed and it ought to have made further enquiries with him before releasing payment 1.*

*If Revolut had made further enquiries via live chat during payment 1, would that have prevented the losses Mr P suffered from that point?*

*I've thought carefully about whether Mr P would have engaged with a better line of questioning from Revolut, during the intervention on payment 1.*

*I accept that Mr P was not as forthcoming with Revolut as he could have been, both during the online written interventions, and during both live chat interventions. For example, when he said the payment was going to his partner, Mr P was being coached by the fraudster, who led him to believe this would enable him to make the transactions more quickly and this was just standard procedure. And given Mr P went through two near identical interventions from Revolut on 15 August 2023 and 24 August 2023, this only supported what the fraudster had led him to believe about it being 'standard procedure'.*

*As I've explained, I'd expect Revolut to ask questions in a way that reduces the possibility of a successful cover story being used. It's entirely likely that Mr P might have been reluctant to tell Revolut what the payment was for, as he seemed to do this in the intervention on payment 3. However, reluctance to share information about a payment, could also be a strong indicator that someone is being scammed. So this wouldn't have been enough to satisfy Revolut that Mr P wasn't at risk of financial harm.*

*Our Investigator said Mr P was sharing Revolut's questions with the fraudster who in turn guided him through the live chat questions. I accept that it's possible that Mr P might have relied on the cover story given by the fraudster to answer further questions from Revolut, had they been asked during payment 1. But having reviewed the correspondence between Mr P and the fraudster, there is no evidence that the fraudster was telling Mr P how to respond in the live chat during payment 1. The chat shows that it wasn't until 24 August 2023 (payment 3), that Mr P asked the fraudster how he should answer Revolut's questions.*

*Even if Mr P had relied on the fraudster at an earlier point, the extent of the cover story he was given was to say he is sending the funds to his partner. So there was no real detail given. And this still might have given Revolut cause for concern, as Mr P's statements would show that he'd moved two payments into his Revolut account that day, from another bank account in his name, to then move them out to the beneficiary. Revolut might have asked why Mr P had not sent the funds directly to the beneficiary from the originating bank account. And this could have been an indication of multistage fraud which I'd expect Revolut to be alert to at the time the payments were made. All in all, it seems unlikely his cover story would have upheld under scrutiny.*

*I have also considered that at times, Revolut did ask questions which applied to Mr P. I've already mentioned these questions in previous parts of my decision. However, I'm satisfied that these questions lacked context, so I don't think Mr P reasonably could have understood the significance of them. For example, he was asked about paying an upfront fee as part of an investment. But this didn't bring to life the common features of investment scams. He was asked about remote access, but he wasn't told fraudsters commonly use this tactic to monitor accounts, guide through payments, and trick the consumer into revealing their personal banking information to elicit further funds from them. And he was asked about coaching, but Revolut didn't go into further detail about the sort of excuses fraudsters give when telling consumers to bypass fraud interventions. And given the repetitiveness of Revolut's interventions, and lack of context, I can understand why Mr P thought this was just*

standard procedure as the fraudster had said. So I'm not persuaded that just because these questions didn't resonate with Mr P, that it means a better intervention still wouldn't have resonated.

In order to reach a fair outcome on this complaint, I also contacted Mr P's other account provider (Bank H) to understand whether, whilst making payments from his Bank H to his Revolut account to fund the scam, Mr P ignored a targeted scam warning. Had this happened, it might add weight to Revolut's argument that a further intervention would not have made a difference. In light of Bank H's response, I'm persuaded that there isn't any evidence to suggest Mr P was ever given and ignored a targeted and relevant warning.

Furthermore, I can see that Mr P wasn't fully trusting of the fraudster. And in a message on 28 July 2023 he said, 'I'm not prepared to take the risk you want. Looking into your company there's no URL and I can't find your company on Google. How can you expect me to trust you?'. He was also reluctant to invest a lump sum and wanted to invest smaller amounts instead. To me, this shows Mr P did have some concerns and was not blind to risk. All of this leads me to believe he likely would not have disregarded a targeted and proportionate intervention from Revolut.

So, overall, I'm satisfied that had Revolut asked Mr P further questions about why he was making payment 1, it likely would have uncovered that he was falling victim to a scam and prevented his loss.

Is it fair and reasonable for Revolut to be held responsible for Mr P's loss?

I appreciate that Mr P opened his Revolut account as part of the scam, and he funded this with payments made from his Bank H account.

Mr P has chosen to only complain about Revolut. I accept that it's possible that other firms might also have missed the opportunity to intervene or failed to act fairly and reasonably in some other way, and Mr P could instead, or in addition, have sought to complain against those firms. But Mr P has not chosen to do that and ultimately, I cannot compel him to. In those circumstances, I can only make an award against Revolut.

I'm also not persuaded it would be fair to reduce Mr P's compensation in circumstances where: the consumer has only complained about one respondent from which they are entitled to recover their losses in full; has not complained against the other firm (and so is unlikely to recover any amounts apportioned to that firm); and where it is appropriate to hold a business such as Revolut responsible (that could have prevented the loss and is responsible for failing to do so). That isn't, to my mind, wrong in law or irrational but reflects the facts of the case and my view of the fair and reasonable position.

Ultimately, I must consider the complaint that has been referred to me (not those which haven't been or couldn't be referred to me) and for the reasons I have set out above, I am satisfied that it would be fair to hold Revolut responsible for Mr P's outstanding loss (subject to a deduction for Mr P's own contribution which I will consider below).

Should Mr P bear any responsibility for his losses?

In order to reach a fair outcome, I need to also consider whether Mr P's actions or inactions mean he should also bear some liability for his loss by way of contributory negligence. I've thought carefully about how the scam unfolded, to determine whether Mr P's actions went beyond what I'd consider reasonable in the circumstances.

Firstly, I acknowledge that the ad Mr P saw online was endorsed by a well-known celebrity with links to cryptocurrency. I recognise that this may have carried some weight in



*persuading Mr P that the investment was legitimate. I also understand that Mr P was not an experienced investor, so he may not have had any knowledge about how investments of this nature typically work. Nor did he ever receive a targeted and specific scam warning from Revolut.*

*However, by the time Mr P made the payments from his Revolut account, I think Mr P ought to have held serious concerns about the legitimacy of the fraudster. On 15 August 2023, the fraudster encouraged him to take out a loan to further fund the investment. I'm not persuaded any reputable financial investment firm, would encourage someone to invest beyond their means. And, given Mr P understood this £10,000 loan would be repaid within a week, I think this was likely too good to be true in terms of returns.*

*Furthermore, I can see that Mr P did have some concerns about the legitimacy of the investment as he highlighted this in the chat to the fraudster on 28 July 2023. He questioned the lack of online presence for the firm, and how he can trust the fraudster. This continued into August, where Mr P expressed a reluctance to invest a lump sum. However I understand he proceeded because he thought the loans that he'd taken were in joint names with the investment company. But I've seen no evidence of any paperwork or contracts that would have given Mr P assurance of this.*

*Mr P has been unclear on whether he received returns from the investment. He said he did receive returns and has highlighted some transactions on his Revolut and Bank H statements. However these transactions are credits from either his Bank H or Revolut account. From the evidence I've seen, he didn't receive any actual returns from the investment into either of his accounts.*

*I've also found, having looked up the email address used by the fraudster, that there was an FCA warning for this firm online since 4 July 2023. Whilst I accept Mr P, as an inexperienced investor, may not have known about the FCA warning register, through a more thorough online search of the investment firm and the email address, I think it's likely he would have come across this warning.*

*All in all it seems Mr P had little information about the investment he was making. He isn't sure what each of the payments he made were for, it's unclear why he was advised to open a Revolut account, and he thought he was making the payments to the investment company, but he paid different third party payees.*

*I'm sorry Mr P was tricked in such a cruel way, and I acknowledge he is the victim here. But I think the above red flags ought to have prompted a more cautious approach from him. I accept Mr P feels strongly that Revolut ought to refund him in full because it said that it would in an email. However, this misinformation it gave, would not mean it is automatically liable for Mr P's full loss. I have to consider the wider circumstances, and actions of all parties involved in the complaint I am looking at, to reach a fair and reasonable outcome. And I've therefore concluded, on balance, that it would be fair to reduce the amount Revolut pays Mr P in relation to his outstanding loss because of his role in what happened. Weighing the fault that I've found on both sides, I think a fair deduction is 50%.*

#### *Recovery of funds*

*Based on the evidence I've reviewed; I'm satisfied there was nothing more Revolut could have done to recover Mr P's funds. His funds were removed from the accounts he directly paid prior to Mr P reporting the scam to Revolut.*

However Revolut was successful in recovering some of Mr P's funds, via second generation recovery attempts made from the beneficiary accounts he paid. These amounts have been returned to Mr P.

### Customer service

I understand Mr P feels strongly that the service he received from Revolut fell below what could be considered acceptable. And having reviewed the way Revolut handled Mr P's claim, I am in agreement.

The most prominent example of the poor customer service I've seen, is that Revolut sent Mr P an email on 7 September 2023, telling him he would be refunded. It later confirmed it sent this to him in error, and it would not be refunding him. Having just lost his life savings to a cruel scam, I can only imagine how relieved he was to receive notification from Revolut confirming he was being refunded. So for that to have been sent in error, and to then clarify that he was in fact not being refunded, only once Mr P contacted Revolut, caused Mr P further distress and torment at an already difficult time.

Furthermore, Mr P was given confusing and contradictory information throughout his claim. For example, he was told on 10 September 2023 that it could take up to 21 days for Revolut to attempt to recover his funds. On 11 September 2023, he was told Revolut could not recover his funds. But later that day, it said it can take up to 7 days to recover his funds. And on 25 September 2023, he was told it could take 21 days again to recover his funds.

Mr P also had been told on 10 September that Revolut would not refund him. But on 13 September 2023, he was told his case was still under review. Then later that day, he was told his fraud report had been cancelled. He then received a partial refund of £4,315.89 into his account on 16 September 2023, with no explanation. When he contacted Revolut to query this, the advisor didn't seem to have any knowledge of his ongoing fraud claim or that the funds had been returned from one of the payees he'd paid as part of the scam.

And on 11 October 2023, he was told he needed to provide the requested information in order to proceed with his case. However when Mr P challenged this, Revolut confirmed it didn't need any more information from Revolut.

All in all, I found Revolut's handling of Mr P's claim to have fallen below a reasonable standard of customer care. Given Mr P was the victim of fraud and was going through a very distressing and life-changing event, I think Revolut ought to have done a better job at providing the aftercare he required. Taking these failings into account, I currently think Revolut ought to pay £250 compensation to recognise the added distress it caused Mr P.

### Putting things right

As I think Revolut ought to have prevented Mr P's loss from payment 1, I intend to instruct it to refund Mr P's outstanding loss subject to a 50% deduction for Mr P's own contributory negligence.

I calculate this to be:

$$\begin{aligned} &£6,644 + £2,400 + £5,100 + £3,500 = £17,644 \\ &£17,644 - £4,315.89 - £717.98 = £12,610.13 \\ &£12,610.13 \times 50\% = \underline{£6,305.07} \end{aligned}$$

I'd also ask Revolut to pay 8% simple interest on this award, for the time Mr P has been without these funds, in addition to £250 compensation for the poor customer service.

### *My provisional decision*

*For the reasons I've explained, I intend to uphold this complaint in part and tell Revolut to:*

- *Refund £6,305.07*
- *Pay 8% simple interest per year on this amount, from the date the funds debited Mr P's account until the date of settlement (less any lawfully deductible tax)*
- *Pay £250 compensation*

Revolut did not respond to my provisional decision. Mr P said he accepted my suggested outcome that Revolut refund 50% of his outstanding loss. However, he thought they ought to pay more compensation than the £250 I suggested. I've summarised his reasoning below;

- Revolut's conduct caused him levels of stress, trauma and anxiety
- Mr P has years of outstanding debts to settle
- He thinks Revolut ought to pay £2,500-£5,000 compensation to help with the cost of ongoing medication

### **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 appreciate Mr P feels strongly that Revolut ought to pay a significantly higher award of compensation than I've recommended, to make up for the distress and inconvenience he's suffered. I've thought carefully about the individual facts of Mr P's complaint, to reach a recommended figure of £250 compensation. And I still think this is a fair award in the circumstances.

What sits behind Mr P's complaint is that he's fallen victim to a horrendous crime; that being authorised push payment (APP) fraud. APP fraud has a significant impact on the lives of its victims which ought not be underestimated. It's disheartening to read that Mr P has been left with what he described as mental scars following this event. Although it's not surprising given how callous a crime APP fraud is.

When deciding what fair compensation looks like, I need to carefully consider the impact of Revolut's actions or inactions - not those of other parties involved here. Importantly, that means attempting to discount the actions of the fraudster. Ultimately it was the fraudster who manipulated and deceived Mr P in such a cruel way. They are the party who perpetrated this fraud on Mr P and whom I therefore consider was the main cause of his losses and the subsequent impact he experienced. But I can't make an award against the fraudster – my role is to consider whether Revolut needs to do more.

I accept that Revolut's handling of Mr P's claim caused him further stress and anguish at an already difficult time. The repeated miscommunication was incredibly unhelpful. But I'm not persuaded that this was the sole, or even main cause of the impact Mr P has described. Ultimately, I think the fraudster is to blame. I therefore do not think that an award of £2,500-£5,000 is proportionate to the impact of the customer service failings I've described in my provisional decision.

I've already considered that Revolut should pay redress to Mr P for its failure to prevent the transactions, by refunding 50% of his outstanding loss. I understand that Mr P has outstanding debts to settle, and he hoped he'd be reimbursed in full. But I need to consider what the law says about contributory negligence as well as what's fair and reasonable in the circumstances of this complaint. Having done so, I've concluded that it would be fair to reduce the amount Revolut pays Mr P in relation to his outstanding loss because of his role in what happened, by 50%. I explained the reasons why, in my provisional decision. I'm unable to increase the compensation to cover his outstanding loss.

Overall, I'm very sorry Mr P was tricked in such a cruel way, and I acknowledge he is the victim here. But I won't be increasing my recommendation of £250 compensation.

### **Putting things right**

I now direct Revolut to:

- Refund £6,305.07
- Pay 8% simple interest per year on this amount, from the date the funds debited Mr P's account until the date of settlement (less any lawfully deductible tax)
- Pay £250 compensation to reflect the poor customer service Mr P experienced

### **My final decision**

For the reasons set out above and in the provisional decision, my final decision is that I uphold Mr P's complaint about Revolut Ltd in part.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 21 February 2025.

Meghan Gilligan  
**Ombudsman**