

## **The complaint**

X complains that Revolut Ltd hasn't refunded payments lost to a scam. They don't believe Revolut did enough to protect them when the payments were being made.

## **What happened**

I issued a provisional decision (PD) for this complaint on 10 January 2025. I've included a copy of it at the end of this final decision.

The PD includes the background to this complaint along with my proposed findings. And because they're set out in detail in that PD, I won't repeat everything again here.

Since issuing the PD X has accepted the findings. But Revolut didn't, saying that the interventions of C ought to be taken into account when determining the complaint, suggesting this should further reduce its liability for X's loss.

As the PD wasn't accepted by Revolut it's necessary for me to issue this final decision.

## **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.

My findings remain unchanged from those set out in my PD and I'll not repeat all that was said in that decision here. Those findings can be referred to in the PD which is included at the end of this, my final decision. Instead, I'll deal with the representations from each party.

X accepted the findings and so there isn't much for me to see in respect of their response. The only further comment I'll make is to assure X I took full account of all the circumstances of the complaint in making the award I did, including whether an equal position on shared liability was fair and reasonable.

Revolut has said the involvement of C ought to be considered and that it ought to impact the outcome of X's complaint. This is a disappointing response from Revolut as I clearly referred to the involvement of C and its impact on X during the scam. I've included two paragraphs from the PD where I covered this very point:

*However, it's important to remember X had been given little to no scam education or warnings. I've included both Revolut and C in making that finding. And so, X hadn't been given information that might otherwise have broken the powerful spell cast by the fraudster.*

*Both C and Revolut intervened in the payments. Whilst the interventions could have been better....*

I'm satisfied this clearly shows I did consider C's actions and how X responded to them. I also explained the impact on the outcome.

Revolut's response has meant further delays to the conclusion of this complaint. And I'm

conscious that has come after it has changed its position over time in terms of its response to the complaint and the offers being made. Prior to the PD being issued Revolut hadn't indicated that it felt there should be no redress payable to X, which it now seems to be suggesting. Revolut also ought to be very much aware of this service's approach to complaints of this nature. And so, because of this, I'm going to award X an additional £200 in compensation.

### **Putting things right**

Revolut should, on X's confirmed acceptance:

- Refund 50% of X's loss from the payment of £9,800 onward;
- Pay interest on that sum at 8% simple per year, calculated from the date of loss to the date of settlement; *and*
- Pay X £200 compensation for distress and inconvenience suffered.

### **My final decision**

I uphold this complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 25 February 2025.

### **My provisional decision**

I've considered the relevant information about this complaint.

I'm issuing a provisional decision upholding the complaint, but with different redress to that which has been set out previously.

The deadline for both parties to provide any further comments or evidence for me to consider is 24 January 2025. Unless the information changes my mind, my final decision is likely to be along the following lines.

If Revolut Ltd accepts my provisional decision, it should let me know. If X also accepts, I may arrange for the complaint to be closed as resolved at this stage without a final decision.

### **The complaint**

X complains that Revolut Ltd hasn't refunded payments lost to a scam. They don't believe Revolut did enough to protect them when the payments were being made.

### **What happened**

The background to this complaint is well-known to both parties and so I'll only summarise events here.

X received a call from what appeared to be a bank – I'll call it H – where they held an account. The number displayed as being H's on their phone and so X believed the call was genuinely from it. But X had been contacted by a scammer, posing as H, using a technique known as number spoofing.

Unaware of this at the time, X engaged with the scammer. X has said how they knew personal information about them which made the call even more convincing.

The scammer informed X that there had been some suspicious activity detected. They went on to say that X's account with another bank – which I'll refer to as C – was under threat. They said there were people working at C that were trying to steal X's money and so X needed to act to protect it.

X was convinced they was acting in their best interest and so followed the scammer's instructions. They were told to set up a new account with Revolut which would be used to move money from C and into H. The scammers said the money couldn't be moved directly between C and H as the fraudsters would be able to detect the account movements.

From this point X continued to engage with the scammers through WhatsApp and further phone calls.

X went on to set up an account with Revolut with the scammer's help. As part of this process X downloaded AnyDesk so the scammer could help them with various steps. They then started to move money at the scammer's instruction. X was told their money would have to be moved in increments, so the fraudsters at C wouldn't be alerted.

X sent money from C to Revolut and then set up a new payee in the name of a person unknown to X. X was told this was a security account H would use to keep their money safe. A payment of £50 was then made, shortly followed by a payment of £9,800.

Revolut stopped that second payment to ask X some questions about it using the in-app live chat function. Following that intervention the payment was released.

Around twelve hours later X followed the scammer's instructions again and set up another new payee, sending £34 followed by £9,750. A similar pattern was then followed over the next day and a half, with four new payees being set up and six more payments being made. The total sent to the various payees was £68,657.

Revolut intervened in most of these transactions to ask about the payment purpose. Each was released following the discussions.

Once the final payment was made X found they could no longer contact the scammer and nor could they access the new secure account that had supposedly been set up for them. They contacted Revolut to report the scam.

Revolut considered the circumstances of what had happened but said it wouldn't reimburse any of X's loss. It could see all payments had been properly authorised by X and so it had properly executed them. And it said it had tried to protect X by presenting warnings at the time payments were being made, as well as discussing the purpose of those payments. It noted X hadn't disclosed the truth about what the payments were for and had given misleading answers to questions asked.

X brought her complaint to our service as they were unhappy with Revolut's response. Since that happened, the following developments have taken place:

- One of our investigators considered the complaint and recommended it be upheld and that X be refunded in full. He said Revolut hadn't done enough to protect X. He said X had acted reasonably in the circumstances, particularly given the scammer's had spoofed the phone number of H.
  - X accepted this suggested outcome;
  - Revolut didn't accept, saying X ought to bear some responsibility for their actions. It didn't think the scammer's story made sense and referred to its attempts to protect X. It offered to refund 80% of X's loss instead of the full amount;
  - X didn't accept Revolut's counteroffer and so the complaint was referred to an ombudsman.

- An ombudsman (not me) considered the case afresh and issued a provisional decision. He said that Revolut's revised offer was fair and reasonable in the circumstances, taking account of the actions of both Revolut and X;
  - X didn't accept the outcome, though didn't outright reject it either;
  - Revolut responded to say it didn't agree with the findings and that its earlier offer to reimburse 80% of X's loss was no longer being put forward proactively. It asked that the circumstances be reexamined, believing X should bear a greater proportion of loss due to their actions during the scam.

The case has been passed to me and I'm now providing my provisional 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.

Having done so, I'm reaching a different outcome to that which has been put forward to date. I expect this will come as a disappointment to X, given I don't intend to award as much as either our investigator or the previous ombudsman. My provisional decision is that Revolut ought to reimburse X 50% of her loss from the point it ought to have intervened. I'll explain why.

Before I do so, I'll just confirm that I'm not able to make Revolut honour its previous offer of an 80% refund. Not when it was never formally accepted whilst still available. Revolut is able to withdraw an offer of settlement if it hasn't been accepted, as is the case here. And it's gone on to submit further arguments as to why a lower level of redress is fair and reasonable. I must take those into account and go on to issue my own findings on what I consider to be a fair and reasonable outcome.

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 X 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 X 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 September 2022 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 systems" (FCA Principle for Businesses 3)<sup>3</sup>.
- Over the years, the FCA, and its predecessor the FSA, have published a series of

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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/)

<sup>3</sup> Since 31 July 2023 under the FCA's new Consumer Duty package of measures, banks and other regulated firms must act to deliver good outcomes for customers (Principle 12), but the circumstances of this complaint pre-date the Consumer Duty and so it does not apply.

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>4</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).

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;
- 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).

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

There’s little need for me to set out detailed findings here. Not only has Revolut, at least at times, acknowledged over the course of this complaint that it ought to have done more to protect X, it’s also evident that it did suspend payment instructions so they could be discussed. It’s clear the payments were flagged as suspicious and as bearing a risk to X of financial harm through fraud.

*What did Revolut do to warn X?*

I can see Revolut presented some written warnings to X whilst payments were being made. The evidence provided shows a series of screens, with a question on each. Those questions included:

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<sup>4</sup> BSI: PAS 17271: 2017” Protecting customers from financial harm as result of fraud or financial abuse”

- *Are you being pressured via phone call, sms, or email? Revolut will never ask you to move money to a safe account.*
- *Were you called unexpectedly? Revolut will never ask you to move money to a safe account.*

And, as I've already referred to, it also suspended payments so they could be discussed using the in-app live chat function. Some questions were then asked, and statements made before each suspended payment was released. Those questions and statements included the following, with this being an accumulation of what was said across all payments. Each is quoted as it appeared in the live chat:

- *What was the nature of the payment for £9,800?*
- *Have you received any calls recently from anyone telling you to create a Revolut account and encouraging you to make an outbound transfer? If yes, what did they tell you?*
- *Received any unusual calls from anyone claiming to be Revolut or any other institution official representative? Did you try checking if they are indeed Revolut employee? If so, how?*
- *Would please describe the full story, from the beginning. Please describe the full circumstances, did you reach any person for goods or services you wanted to buy? Please describe it in detail, so I can understand better and assist properly.*
- *Would you please tell me if you have any other issues with the transfer? if you did not want to make the transfer? or goods or services not received in return of the transfer?*
- *I can see that our security system has temporarily frozen your transaction of £9,750.00 GBP to (payee two) because we think it may be part of a scam or fraud. We're trying to keep your money protected, please bear with us while we check some details to make sure you really want to make this payment. It's important to always consider the possibility of a scam when you're making a payment. If you are at all suspicious, please stop and discuss this payment with us so that we can provide advice. You risk losing money that we may not be able to recover.*
- *Have you been asked to install any apps (such as AnyDesk or TeamViewer)?*
- *Are you currently on the phone to someone who is asking you transfer you money?*
- *It is always important to take your time when making a payment to someone new. Would you like me to decline the transfer for you, while you take some time to consider if you would like to transfer to this beneficiary?*

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

I can see that Revolut did take some steps to try and protect X. However, I can't see that the warnings or interventions ever went far enough. I'll note here that Revolut's concerns ought to have been growing with each new payment and payee. The signs that X was caught up in a scam were becoming more prevalent each time. And so the interventions and questioning ought to have become more rigorous as time went on. But, even with that in mind, I find Revolut didn't do enough from the first time it intervened, for the payment of £9,800.

There were very few questions asked for each payment made. There was a general request for the payment purpose. And whilst it must be acknowledged X never stated the true purpose, instead selecting options like 'paying family and friends' or 'paying for goods and services', Revolut did nothing to probe the stated purpose. Instead, it typically accepted one-word answers at the first time of asking, or certainly very brief responses with little context.

It's fair to say that most of the questions asked by Revolut were closed and didn't prompt a detailed answer from X. And Revolut never did anything to test the answers given.

It's also the case that Revolut never really put the questions into context or explained why they were being asked. It mentioned the questions were in the interest of preventing scams. But it needed to go further, explaining what was suspicious about the payments, and to go through the features of common scams. I find Revolut ought fairly and reasonably to have considered X was caught up in a safe account scam specifically, and to have tailored warnings accordingly.

Revolut ought to be aware of how safe account scams like this (and indeed other scam types too) operate. It should know that customers are encouraged by scammers to withhold the truth and to not state the purpose of payments being made. It ought to be aware that for scam intervention and questioning to be effective the common features of such scams must be kept in mind, and consumer's ought to be probed so that a scam might be revealed. I can't see that ever happened here.

I do accept Revolut asked some questions relevant to the scam X was falling victim to. But I don't find it went far enough here. And, importantly, it doesn't appear Revolut ever explained the nature of common scams or what they might look and feel like. There were disparate bits of information that were partially presented to X in the form of questions. But, as far as I can see, there was never a clear, coherent, or impactful warning about scams or an explanation of the scenario X might have been caught up in. I'm satisfied there were enough warning signs for Revolut here to have identified X was at risk of financial harm from fraud, and so such warnings ought to have been delivered.

*If Revolut had provided a warning of the type described, would that have prevented the losses X suffered from the payment of £9,800 onwards?*

I can't see that X was ever properly educated or warned about scams. There are some very common features of the scam X was caught up in that Revolut ought to have been aware of. These features ought to have been described to X and I'm satisfied that, had they been, then such a warning would have resonated with them. There would have been too many similarities for X to have ignored, including:

- They were contacted out of the blue by someone claiming to be from their bank;
- The number may well have appeared as having been the bank's but that they should make an outbound call themselves, using the number on the bank's website or on the back of their debit card. An explanation of number spoofing ought to have been included for context;
- That they were told their account/money was under threat and needed to be moved to other accounts, unlikely to be in the customer's name;
- Bank staff might be involved;
- The true purpose of the payments ought to be hidden;
- Conversations might take place through social media or messaging apps.

I have taken account of the fact X was being coached by the scammers. And some of this coaching seems to have taken place in real-time; as the payments were being made. I can see X was taking advice and that they clearly believed what they were being told.

However, it's important to remember X had been given little to no scam education or warnings. I've included both Revolut and C in making that finding. And so, X hadn't been given information that might otherwise have broken the powerful spell cast by the fraudster. Had the above list of points been conveyed to them, I consider it's more likely than not X would have developed serious doubts about what they were doing and to have stopped. At



the least, it appears likely X would have taken the advice to call H directly, which would almost certainly have seen the scam revealed.

*Should X bear any responsibility for their losses?*

In considering this point, I've taken into account what the law says about contributory negligence as well as what's fair and reasonable in the circumstances of this complaint. In doing so, I find that both X and Revolut should share responsibility for the loss equally. I'll explain why.

I can see why X was initially taken in by the scammer. They used a sophisticated trick to make it appear as though they were genuinely calling from H. And X says the scammer also knew information about them that made the call seem even more convincing.

I know this call, and what the scammer was saying, would have panicked X significantly. That is the scammer's intention here, to create panic and to interrupt what might be someone's 'normal' thought processes.

X has also said they were very busy and under pressure at the time, given them less opportunity to stop and think. I've taken account of these points in reaching my findings. But I also need to take account of other factors.

I'm satisfied here that there was enough going on to say that X ought to have been alarmed at what they were being asked to do and also concerned about what they were being told. That ought then to have led X stopping what they were doing and to carry out some independent checks. Some of my key reasons for reaching this finding are:

- X was called by someone purporting to be from H with information about potential fraud at a completely separate financial institution (C). It's unclear how H would know about what was going on with C or why contact wasn't being made with law enforcement;
- X could see (or could have checked) to find there was no unauthorised activity on their accounts with H or C;
- The suggestion from the scammer was that there were no trustworthy parties at C, given X wasn't to contact it at all and just had to move their money out. That doesn't seem to be reasonable given it is a large and regulated financial institution;
- The money had to be moved from C to a safe account. But that account had to be brand new and couldn't be held with H or C. But instead had to be with another completely separate account provider with whom neither X nor H had any connection;
- Even then, the money still wouldn't be safe and would have to be moved on again. When the money was moved on, it would have to be in small amounts and to several specifically named individual accounts. None of those accounts were in X's name and they had no way of knowing who held those accounts. There was nothing to suggest they were held at, or in the control of, H.
- Most of the scammer's instructions were coming through WhatsApp which, it can be fairly and reasonably said, is not a likely source of communication from a large, regulated financial institution with numerous official communications channels;
- X was instructed to disguise the purpose of payments with two regulated financial institutions. One of which – Revolut – there was no suggestion of fraudulent behavior against. It's then unclear why X needed to disguise the purpose of the payments being made out of that account.
- Both C and Revolut intervened in the payments. Whilst the interventions could have been better, X did disguise the payment purpose and gave incorrect answers to

questions which were designed to protect them to both account providers at the scammer's instruction. This limited the ability of each to protect X.

- It can't be ignored that some of the interventions and questioning did touch on some of the key features of the scam X was caught up in.
- The scam appears to have occurred over several days. Whilst not dismissing X's circumstances at the time, or how busy and under pressure they might have been, this does mean there was time to stop and reflect on what was happening.

It's for all these reasons combined that I find X ought to bear some responsibility for their loss, even where Revolut itself has made mistakes. And so each party should bear responsibility for 50% of the loss.

### **Putting things right**

If there is no further information provided that changes my mind, Revolut will need to, at X's acceptance:

- Refund 50% of X's loss from the payment of £9,800 onwards; *and*
- Pay interest on that sum at 8% simple per year, calculated from the date of loss to the date of settlement.

### **My provisional decision**

I intend to uphold this complaint against Revolut Ltd.

Ben Murray  
**Ombudsman**