

The complaint

Ms T complains that Revolut Ltd didn't do enough to protect her from the financial harm caused by an impersonation scam, or to help her recover the money once she'd reported the scam to it.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

On 6 February 2024, Ms T received a call from an unknown number from someone I'll refer to as "the scammer" who claimed to be calling from Bank N. The scammer told Ms T it was a security policy for employees who worked from home to use 'no caller ID', and he wouldn't ask her for any personal information.

The scammer told Ms T her there had been fraudulent activity on her account, at which point she received fake notifications from Bank N for transactions she had made and approved as well as transactions she hadn't approved. The scammer told her about a scam involving a rejected payment resulting in the payer inserting multiple card details, which resonated with Ms T because she'd tried to make a purchase from the particular merchant and had many attempts to make the payment declined.

The scammer asked Ms T for the last six digits of her Revolut card as a security measure, and when she logged into her Revolut account, she could see a transaction for £815.99 that she hadn't made. The scammer said that to identify the fraudster, she would need to approve transactions in the app and that they would immediately be reverted to the account. She also approved notifications for card payments to "O" for £1,456.92 and £1,184.99 on the same basis, receiving two refunds of £728.46 each.

The scammer told Ms T her account with Bank N had been compromised and as it was linked to her savings accounts, she should set up a safe account with Bank N under a pseudonym and move the funds from both Revolut and Bank N. With the scammer still on the phone, Ms T transferred funds from Bank N to Revolut followed by five payments from Revolut to the safe account totalling £20,280. When the call had ended, she told her flatmate what had happened, and they told her she might be the victim of a scam.

Ms T complained to Revolut when she realised she'd been scammed. She said the transactions were out of character because the account was primarily used for travel and moving the same amount of money into pots every month, so the reverted payments should have raised concerns.

But Revolut refused to refund any of the money he'd lost. It said it contacted the beneficiary bank within 24 hours of being made aware of the fraud, but it didn't receive a response. It also said the payments were authorised and she was shown sufficient warnings before she made the payments.

Ms T wasn't satisfied and so she complained to this service. She argued that Revolut should have intervened as she was making high-value payments to a new payee in quick succession, having received refunds for amounts that didn't correspond with the associated outgoing payments.

Responding to the complaint, Revolut said the initial transfer for £9,750 was declined and when Ms T was asked to provide a payment purpose, she selected 'pay a family member or friend'. She was then presented with a warning followed by a brief questionnaire before being shown tailored warnings, which she acknowledged and proceeded with the payment. Further payments were allowed to go through uninterrupted. Revolut said Ms T received strong warnings according to the purpose she provided and if she'd been truthful, it could have uncovered the fraud. It also said there was nothing it could have done to stop the scam because Mr T was blindly following the instructions of the scammer.

It also said she'd acted negligently in sharing the OTP code with the scammer despite the SMS message showing a strong warning not to share the code with anyone. And she failed to undertake due diligence having received a random call from someone claiming to be from her bank asking her to send funds to an account it had opened without her consent. She also provided misleading information and went ahead with the payments having been shown strong warnings that the transaction had a high risk of being a scam.

Regarding the card payments, Revolut said the chargeback process was rejected because there were no signs of fraudulent activity on the account and the transactions were performed via Apple/Google Pay and through 3DS.

It also cited the Supreme Court's judgement in *Philipp v Barclays Bank UK plc* [2023] UKSC 25 where the Court held that in the context of APP fraud, where the validity of the instruction is not in doubt, "no inquiries are needed to clarify or verify what the bank must do. The bank's duty is to execute the instruction and any refusal or failure to do so will prima facie be a breach of duty by the bank."

Our investigator didn't think the complaint should be upheld. He thought the first transfer ought to have been concerning because Ms T was sending a significant amount to a new beneficiary after receiving funds into the account.

He noted that when asked to provide a payment purpose, Ms T said she was paying a family member or a friend, and that Revolut then asked further questions in response to which she said she wasn't being guided, the transfer for was for a wedding and the payee details were provided face to face. Our investigator commented that this prevented Revolut from spotting the fraud and because she was being guided and coached by the scammer, he thought she'd have gone ahead with the payment no matter which warnings or alerts she was shown.

He said there was no evidence that Ms T had done any due diligence, which showed she trusted the scammer and was convinced the call was legitimate, so even with stronger intervention, she would likely have continued to provide misleading information. He concluded there was nothing to suggest Ms T was being scammed and he was satisfied Revolut's actions were proportionate to the risk presented by the payments.

Ms T has asked for her complaint to be reviewed by an Ombudsman. She believes Revolut should have blocked the payment, which would have allowed her to get off the phone, and delaying the transaction would have given her the time to recognise the inconsistencies in the scammer's story. She's explained that she was misled and manipulated by the scammer and had trusted him as he had information that only Bank N should have known, including knowledge of real transactions she'd made earlier that day.

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.

Having done so, I've reached the same conclusion as our investigator. And for largely the same reasons. I'm sorry to hear that Ms T has been the victim of a cruel scam. I know she feels strongly about this complaint, and this will come as a disappointment to her, so I'll explain why.

I'm satisfied Ms T 'authorised' the payments for the purposes of the of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although she didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of her bank account, she is presumed liable for the loss in the first instance.

There's no dispute that this was a scam, but although Ms T didn't intend her money to go to scammers, she did authorise the disputed payments. Revolut is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

Prevention

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 have been good industry practice at the time, I consider it fair and reasonable in February 2024 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;
- 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;
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving and the different risks these can present to consumers, when deciding whether to intervene.

I've thought about whether Revolut could have done more to prevent the scam from occurring altogether. It ought to fairly and reasonably be alert to fraud and scams and these payments were part of a wider scam, so I need to consider whether it did enough to warn Ms T when she tried to make the payments. If there are unusual or suspicious payments on an

account, I'd expect Revolut to intervene with a view to protecting Ms T from financial harm due to fraud.

Regarding the payments that Ms T authorised before then transferring funds to the safe account, the payments to E and O were authenticated via 3DS. Revolut declined a payment to O for £1,184.99 and Ms T received a message stating: *"I am afraid this payment was declined due to its possible high-risk nature. In this case, sadly similar payments directed to this merchant might not get completed due to the same reason. I am sorry if this has caused you any issues"*. She then attempted a new payment using Apple Pay, which was processed without further delays.

I've thought about whether Revolut could have stopped the scam at the point Ms T made these transactions as there was nothing suspicious about the recipients and the amounts were relatively low value, I think it did enough. I know Ms T thinks the refunds she received were suspicious, but a refund wouldn't generally be considered suspicious, and I wouldn't always expect the refund amount to match exactly with the outgoing payment.

Regarding the transfers Ms T made to what she believed was a safe account, Revolut ought to have intervened when she made the first of these payments, which was for £9,750 and it has explained that Ms T was asked to provide a payment purpose before being presented with warnings relevant to the selected response. She was also required to complete a questionnaire where she said she was paying a friend, she wasn't being guided, and she was given the account details face to face. Unfortunately, these responses prevented it from detecting the scam.

Ms T feels Revolut should have called her and that this would have interrupted the call with the scammer and given her time to think. But I've thought about whether the intervention was proportionate to the risk presented by the payment, and I'm satisfied that it was, and I wouldn't have expected Revolut to call her. I'm also satisfied that there was nothing else it could have done to detect the scam because Ms T was being guided by the scammer on what to say during the call and it's evident from the fact she shared an OTP with the scammer and gave an incorrect payment purpose and misleading responses to Revolut that she trusted him and was following his instructions. Consequently, I think she'd have withheld information about the circumstances of the payment if Revolut had called her.

Ms T has explained that she had panicked about losing her money because her job was at risk and that the call was plausible because the scammer had information about the account she held with Bank N and she had made a payment to the merchant the scammer had told her about at the beginning of the call. She was also reassured because of the payments that had been made to her account from O. Unfortunately, these factors make it even more likely that she'd have followed the scammer's instructions and told Revolut whatever she was instructed to and ignored any warnings she might have been shown. So, I don't think there was anything else Revolut could have done to stop the scam.

Finally, I've considered whether it missed any further opportunities to intervene and because the final four payments were much lower value, I don't think it did.

Recovery

I'm satisfied there would have been no prospect of a successful recovery because by the time Ms T reported the fraud, the money would likely have been removed from the receiving account.

Compensation

The main cause for the upset was the scammer who persuaded Ms T to part with her funds. I haven't found any errors or delays to Revolut's investigation, so I don't think she is entitled to any compensation.

I'm very sorry to hear Ms T has lost money and the effect this has had on her. But for the reasons I've explained, I don't think Revolut is to blame for this and so I can't fairly tell it to do anything further to resolve this complaint.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms T to accept or reject my decision before 22 April 2025.

Carolyn Bonnell
Ombudsman