

The complaint

Mr O complains that Revolut Ltd won't refund money he lost when he was a victim of a scam.

Mr O is professionally represented, however, to keep things simple, I'll refer to Mr O throughout my decision.

What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

Mr O was actively looking for companies offering sponsorship opportunities within the health care industry for his sister who was living abroad. He was introduced to a company who offered such opportunities, which I'll refer to as 'M', from a trusted friend. So, he thought this opportunity was genuine and credible.

M provided Mr O with detailed information about the sponsorship opportunity and the benefits his sister would receive. Mr O was told the process would cost £13,000 in total and he would need to make an initial deposit of £5,000 to get the process started, which he duly completed in January 2024.

Once the payment was made, Mr O said M became distant and eventually stopped all communication with him. Mr O said he tried various ways to get in touch with M again, including asking his friend. However, neither he nor his friend (who had also been scammed) received any further communication with M. As a result, Mr O realised he had been a victim of a scam.

Mr O raised a complaint to Revolut and he wanted them to provide a refund, pay him 8% interest and £300 compensation for their failure to protect him from the sophisticated scam. Revolut looked into Mr O's complaint, but didn't uphold it. It didn't think it had done anything wrong by allowing the payment to go through as per Mr O's instructions. Revolut said their systems did detect Mr O was making a payment to a new beneficiary, and provided a warning, which he had to acknowledge before being allowed to continue with the transfer. Revolut also said it frequently informs their customers about scams and fraud prevention tips, through emails and blogs. And it had done all it could to try and recover Mr O's funds once it had been informed he was a victim of a scam.

Mr O didn't agree, and the complaint was referred to our service. Our Investigator didn't think Revolut had to do anything further. He said based on what Revolut knew about the payment at the time, and Mr O's prior account usage, he didn't think the payment was unusual. So, Revolut wasn't at fault for processing the payment in accordance with Mr O's instructions. The Investigator also explained that due to the payment being reported more than a month after it was made, recovery was unlikely to be successful, especially as the beneficiary bank hadn't responded to numerous contact attempts from Revolut.

Mr O disagreed and asked for his complaint to be reviewed by an Ombudsman. In short, he said, the payment he made was not in line with his usual account activity. Mr O also mentioned that, in line with Consumer Duty, banks are expected to have systems in place to detect unusual or suspicious transactions. And the payment he made should have been flagged as unusual and questioned which would have prevented his loss.

As no agreement could be reached the case has been passed to me to make a 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.

I'm sorry to learn about what happened to Mr O. It appears he's been the victim of a cruel scam and so I can understand why he would think his money should be refunded. But I don't think that I can fairly say that Revolut should refund the money he lost. I'll explain why. Before I do, I'd like to say at the outset that if there is a submission I've not addressed; it isn't because I've ignored the point. It's simply because my findings focus on what I consider to be the central issue in this complaint – that being whether Revolut is responsible for Mr O's loss.

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 January 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.

Ultimately, I need to decide if the payment was unusual enough to have expected additional checks to be carried out before it was processed. When considering this, I've kept in mind that EMI's such as Revolut process high volumes of transactions each day, and that there is a balance to be found between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate.

Mr O had held an account with Revolut since August 2022; prior to the scam payment in January 2024. It seemed to have been used as a regular everyday account which included payments towards, food, travel and other every-day essentials. Having reviewed the account history, I do think this payment was larger than the payments Mr O typically made from this account – albeit I note Mr O had made occasional higher value transactions at times (such as £1,500 on 8 January 2024, £5,000 on 15 November 2023 and £3,000 on 27 July 2023). I don't however think the value of the £5,000 payment should have alerted Revolut that Mr O was at a heightened risk of financial harm. Mr O moved money into the account from his savings to make the payment, but again, I don't think this should have been particularly concerning to Revolut, as he typically moved funds into this account from other accounts. A small balance remained after the payment too, which was fairly typical of the account balance Mr O generally maintained - so again, I wouldn't expect Revolut to find this particularly concerning.

When Mr O attempted to make the payment in question, the payment was flagged by Revolut's system and Mr O was asked to confirm if he wanted to go ahead with the transfer via the following question:

“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. Remember, fraudsters can impersonate others, and we will never ask you to make a payment.”

Mr O decided to continue with the payment.

Mr O mentioned he didn't have any concerns about the payment at this point as he was making it following a recommendation to use M from a close friend. However, Mr O says that a large payment being made to a new payee, which he doesn't usually do, should have flagged to Revolut, and these are factors I would expect Revolut to take into account when deciding whether to intervene. Alongside this though, Revolut can take into account a range of factors when deciding whether to make further enquiries to Mr O about a payment. In this case, the payment wasn't going to a known payee that carried a high fraud risk (for example, crypto). And it's common for customers to make higher value transactions at times – which Mr O seemingly did. Because of this, looking at the overall circumstances of the payment here, I don't think it was unusual or suspicious enough whereby I would have expected Revolut to have intervened. As I've said, there is a balance for Revolut to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate. So, I don't think I can fairly conclude Revolut was at fault for processing the payment in line with Mr O's instruction.

I've also considered the comments Mr O has made regarding Revolut's obligations following the introduction of the Consumer Duty. However, given the information that was available to Revolut at the time of the transaction made by Mr O, I don't think the loss was foreseeable in these circumstances for the reasons I've explained above.

Recovery

Revolut should have attempted recovery of the funds sooner than they did (as it took nearly three weeks). But bearing in mind the scam was reported over a month after the payment was made, and the receiving bank haven't responded to multiple chasers when Revolut did attempt recovery, I think it's unlikely it would have been successful if they had attempted it sooner. So, I don't think there was any reasonable prospect of Revolut successfully recovering the payment.

I know this outcome will be very disappointing for Mr O. However, for the reasons I've explained, I don't think it would be reasonable for me to direct Revolut to refund the payment he made in these circumstances.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 27 June 2025.

Israr Ahmed
Ombudsman