

## **The complaint**

M, a limited company, complains that Revolut Ltd won't refund the money it lost when it was the victim of a scam.

## **What happened**

M is a limited company that manages a number of rental properties. In September 2023, it was in the process of purchasing a property and had been communicating with a solicitor about it. It then received an email which appeared to be from the solicitor, giving it details of a bank account and asking it to start transferring the funds. And so M made a payment of £16,000 from its Revolut account to the bank details from the email, to pay for the deposit on the property purchase.

Unfortunately, we now know the emails between M and the solicitor had been intercepted and the email it received with the account details had been sent by a scammer. After this was uncovered, M reported the scam to Revolut and asked it to refund the money it had lost.

Revolut investigated but said it had shown M a warning when the payment was made and didn't think it was at fault for processing the transfer it authorised. It also said there were no funds available to recover from the bank the payment was sent to. So it didn't agree to refund any of the money M lost. M wasn't satisfied with Revolut's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They didn't think anything we would have expected Revolut to have done would have uncovered the scam, so didn't think it should have to refund the money M had lost. M disagreed with our investigator, so the complaint has been passed to me.

## **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.

In broad terms, the starting position at law is that an Electronic Money Institution 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.

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 September 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;
- 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);
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

So I've considered whether Revolut should have identified that M was at heightened risk of financial harm from fraud as a result of the payment it made here.

But M's account had only been opened relatively recently, so Revolut didn't have a significant period of previous activity to compare the payment to when assessing whether it was unusual or out of character. It was also a business account, which tend to be used in a less predictable and less routine way than personal accounts and are more likely to see occasional large transactions.

Revolut was also told the purpose of the account was for managing a rental property business, and that the account would be used for purchases, to pay suppliers and to manage expenses. And, given this information, I think it's reasonable to expect there to be occasional large payments leaving the account.

So I wouldn't have expected Revolut to identify a risk of financial harm based on the size of this payment alone. The payment also didn't use up a significant portion of the available balance or leave the balance of the account at a particularly unusual level, as it still left a significant balance available in the account. The payment was also an outbound transfer, so wasn't made in a particularly unusual way or to a payee that ought to have caused concern. And it wasn't part of a series or pattern of payments that would've looked suspicious.

So I don't think it's unreasonable that Revolut didn't identify that M could be at heightened risk of financial harm from fraud as a result of this payment. And so I don't think it's unreasonable that it didn't take any further steps or carry out any additional checks before allowing the payment to go through.

We also expect firms to take reasonable steps to try to recover any money their customers have lost, once they are made aware of a scam. But, from what I've seen, I don't think anything I would have expected Revolut to have done here would have led to any more of M's money being recovered.

I appreciate that M has been the victim of a cruel scam and that my decision will come as a disappointment. It has lost a significant amount of money and I sympathise with the position it and its director have found themselves in. But I can only look at Revolut's responsibilities and, for the reasons I've set out above, I don't think anything I would reasonably have expected Revolut to have done would have prevented the loss M suffered. And so I don't think it would be fair to require Revolut to refund the money M has lost.

**My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 3 April 2025.

Alan Millward  
**Ombudsman**