

The complaint

Mr G complains that Revolut Ltd ('Revolut') won't refund card payments he made as the result of a scam.

What happened

In May 2024, Mr G was setting up an ecommerce account with a well-known online retailer. Mr G was contacted by someone posing as a customer service agent for the online retailer, who said Mr G needed to verify his account by providing his bank card details.

Mr G initially used a bank card on an account held with another bank, but there was a problem with that card. So, Mr G opened a Revolut account and used a card on that account, in order to verify his ecommerce account.

Mr G made the following card payments from his Revolut account, which he believed were going to the online retailer. All of these payments were authorised by Mr G using 3DS. Mr G says that he kept getting a message saying the approval had timed out, which is why he tried to make the payment so many times.

Date	Pmt	Time	Details of transaction	Amount
6.5.2024			Mr G opened Revolut account	
6.5.2024	1	18:23	Card payment to S	£234.02
6.5.2024	2	18:25	Card payment to S	£234.02
6.5.2024	3	18:32	Card payment to S	£84.26
6.5.2024	4	18:54	Card payment to S	£187.22
6.5.2024	5	19:16	Card payment to S	£234.04
6.5.2024	6	19:17	Card payment to S	£234.04
6.5.2024	7	19:18	Card payment to S	£234.04
6.5.2024	8	19:28	Card payment to S	£234.04
6.5.2024	9	19:29	Card payment to S	£234.04
6.5.2024	10	19:32	Card payment to S	£84.26
6.5.2024	11	19:37	Card payment to S	£66.14
			Total loss	£2,060.12

Mr G realised he was the victim of a scam when the customer service agent required him to continue authorising payments, and he reported the fraud to Revolut shortly after making the last payment in the table above.

Revolut raised a chargeback for Mr G saying the payments were fraudulent, which was unsuccessful as the card payments were authorised by Mr G. Revolut say they'd tried to recover his funds but were unsuccessful.

Mr G wasn't happy with Revolut's response, so he brought a complaint to our service.

An investigator looked into Mr G's complaint and upheld it. The investigator felt Revolut should've been concerned by the pattern of payments when Mr G made the fourth payment.

The investigator felt Revolut should've contacted Mr G and asked questions about the purpose of the payments, and had Revolut done so, the scam would've been uncovered, and Mr G's loss prevented. The investigator didn't feel Mr G should share any responsibility for his loss and recommended that Revolut refund from payment four onwards.

Revolut didn't respond to the investigator's opinion, so the case was passed to me to decide. Under the Dispute Resolution Rules (found in the Financial Conduct Authority's Handbook), DISP 3.5.13, says, if a respondent (in this case Revolut) fails to comply with a time limit, the ombudsman may proceed with the consideration of the complaint.

As the deadline for responses to the view had expired, I proceeded with reviewing the case in order to issue a decision.

Having completed that review, I reached a different answer than the investigator. So, I issued a provisional decision giving both parties a chance to provide any further evidence they wanted me to consider before I issued a final decision.

My provisional decision

In my provisional decision I said:

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.

It's not in dispute that Mr G authorised these payments, although he did so not realising he was the victim of a scam.

However, Revolut should have been on the 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. And, 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 intervened?

Mr G had opened a new account, so Revolut didn't have previous account activity to compare the payments to. Also, Revolut has to balance identifying potentially concerning payments and taking appropriate action, while ensuring minimal disruption to legitimate payments.

The first three payments were made in very quick succession, but there was a gap of thirty minutes before the fourth payment was made. Also, the payments weren't escalating in value, which is a common theme seen with scams, and were for low values.

There was a gap of 20 minutes before the next three payments were made, again in quick succession. I think Revolut should've been concerned when Mr G made the sixth payment,

based on the number of payments he'd made at that point within a one hour period. I appreciate that the value of the payments individually and collectively wasn't high, but I think the pattern of payments should've concerned Revolut. And, by that stage, Mr G was making his fourth payment of the same value which is a pattern we might see in scam cases. So, I would've expected Revolut to have intervened.

Would intervention have made a difference?

If Revolut had contacted Mr G to ask questions about the payments, I think it's more likely than not Mr G would've answered their questions honestly and the scam would've been uncovered. I haven't seen anything to suggest that Mr G was given a cover story to give to Revolut, as the scammer was telling Mr G that the payment requests were timing out – which wasn't true.

I think Revolut should've been concerned and highlighted to Mr G that validation of an e-commerce account is unlikely to require so many payments to be made where nothing was being purchased. Also, the payments Mr G was making, weren't going to the destination he expected – which was a well-known online sales platform. So, I think Revolut asking Mr G open and probing questions through their in-app chat is likely to have uncovered the scam and prevented Mr G from making any further payments.

On that basis, Revolut should refund Mr G from payment six onwards.

But, I also need to consider whether Mr G should share any responsibility for his loss with Revolut.

Mr G says he thought the payments were timing out, but he was being asked to authorise each payment through the Revolut app and had to top up his account in order to facilitate further payments. I think a reasonable person would've been concerned by the time they got to the sixth payment attempt, at which point Mr G had authorised over £1,000 in payments. I don't think Mr G acted reasonably in continuing to approve payments. So, I think it's fair for him to share responsibility for his loss with Revolut, which would mean the refund is reduced by 50%.

Recovery of funds

I'm satisfied that Revolut took reasonable steps in attempting to recover Mr G's payments. Mr G had authorised the payments, so Revolut couldn't use "fraud" as a reason for chargeback.

As Mr G has been without the use of these funds, I intend to ask Revolut to pay interest on the refund at 8% simple interest, calculated from the date of the payments until the date of settlement.

My provisional decision was that I intended to uphold the complaint and recommend Revolut refund Mr G 50% from payment six onwards and pay interest on that refund of 8% simple interest, calculated from the date of the payments until the date of settlement.

Responses to my provisional decision

Revolut haven't responded to my provisional decision.

Mr G responded disagreeing with my recommendation, saying it felt like he was being penalised by not being refunded all of the payments and having a 50% deduction on the payments that were being refunded.

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 really sorry that Mr G fell victim a scam and feels that he is being punished or penalised. When considering the redress, I'm not deciding what Mr G might be owed by the scammer, but rather what I can fairly hold Revolut liable for.

In reaching that answer I first have to consider whether I'm satisfied that Revolut should have intervened, and at what point I think that should have happened. In this case, I'm satisfied Revolut should have intervened when Mr G made the sixth payment based on the pattern of the payments, which should've been identified as a potential indicator that Mr G might be at risk of financial harm.

And, I'm satisfied that if Revolut had intervened on the sixth payment that the scam would've been uncovered and Mr G's loss could've been prevented from that point onwards. I say this as Mr G wasn't given a cover story and believed that the payment requests were timing out. This wasn't true and if Revolut had asked the type of questions I would've expected, I'm satisfied that it's more likely than not they would've uncovered the scam and Mr G wouldn't have made any more payments.

However, I also have to consider whether Mr G should've done something to mitigate his loss or should share responsibility.

As I explained in my provisional decision, Mr G was topping up his account in order to fund the payments, despite being told that the payment requests were timing out. This means Mr G knew that the payments were being taken from his account and could see that by the time the sixth payment was made nearly £1,000 had debited his account. I think a reasonable person would've been concerned with what they'd been told and wouldn't continue authorising payments. On that basis, I'm satisfied that it's fair for Mr G to share responsibility for his loss with Revolut and reduce the refund by 50%.

I have carefully considered Mr G's concerns, but for the reasons given above, I've reached the same answer as in my provisional decision.

Putting things right

To put things right I require Revolut Ltd to:

- Refund Mr G 50% from payment six onwards, which totals £543.28.
- Revolut should also pay simple interest of 8% per year on that refund, calculated from the date of the payments until the date of settlement.*

*If Revolut considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr G how much it's taken off. It should also give Mr G a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

My final decision is that I uphold this complaint against Revolut Ltd and require them to compensate Mr G, as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or

reject my decision before 12 March 2025.

Lisa Lowe
Ombudsman