

The complaint

Mrs O complains that Revolut Ltd ('Revolut') won't refund the money she says was lost as the result of a scam.

What happened

The details of this complaint are well known to both parties, so I won't set them out in full here.

In summary, in late October 2024, Mrs O received a call while she was on holiday. The caller said they worked for her bank (who I'll refer to as bank X) and that her account had been compromised. Mrs O was told she needed to take certain steps to secure her account. As part of these steps Mrs O took out an overdraft with bank X and moved this money from bank X to her Revolut account.

Mrs O was then called by a person claiming to be from Revolut. Mrs O says she asked the caller several times whether this was a scam and was given assurances that the caller was legitimate. Mrs O was told she needed to move her money again in a series of transactions and that it would be returned to her after midnight the following day. However, once all the funds had been moved out of her Revolut account Mrs O realised she had been scammed and contacted Revolut.

Date	Type of transfer	Amount
28 October 2024	Bank transfer	£550.21
28 October 2024	Card payment to merchant 1	£700 (declined)
28 October 2024	Card payment to merchant 1	£700 (declined)
28 October 2024	Card payment to merchant 1	£700
28 October 2024	Card payment to merchant 2	£1,033.98 (declined)
28 October 2024	Card payment to merchant 2	£1,033.98 (declined)
28 October 2024	Card payment to merchant 2	£1,033.98
28 October 2024	Card payment to merchant 2	£665.59
28 October 2024	Card payment to merchant 2	£203.99
28 October 2024	Card payment to merchant 3	£46.97
28 October 2024	Card payment to merchant 4	£160

28 October 2024	Card payment to merchant 4	£35
28 October 2024	Card payment to merchant 4	£10
28 October 2024	Card payment to merchant 5	£485.99 (declined)
28 October 2024	Card payment to merchant 5	£485.99 (declined)
28 October 2024	Card payment to merchant 5	£485.99 (reverted)
28 October 2024	Card payment to merchant 6	£955.36 (declined)
28 October 2024	Card payment to merchant 6	£955.36 (declined)
28 October 2024	Card payment to merchant 6	£955.36
28 October 2024	Card payment to merchant 4	£35 (reverted)
28 October 2024	Refund of bank transfer	£550.21 (recovered)
28 October 2024	Card payment to merchant 7	£435.98
28 October 2024	Credit from merchant 7	£429.99
28 October 2024	Card payment merchant 7	£24.99
28 October 2024	Credit from merchant 7	£24.99

Revolut said it didn't think it needed to refund Mrs O. It noted that (as I have set out above) it had blocked a number of the payments. It also noted it had intervened in the payment process with payment warnings, questionnaires and specific warnings that were relevant to Mrs O's circumstances, but Mrs O had not answered its questions truthfully and had chosen to proceed with the payments despite its interventions and warnings.

Bank X also declined to refund Mrs O for any of the payments she made to her Revolut account in connection with this scam.

An investigator considered Mrs O's complaint. They said they didn't think Revolut needed to reimburse Mrs O for the money she had lost to this scam as it had taken reasonable steps when it had intervened by stopping payments and issuing tailored warnings to Mrs O.

Mrs O did not accept our investigator's view and her complaint has been passed to me to determine.

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 have reached the same view as our investigator and for much the same reasons. I'll explain why.

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 October 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; (post-CD only)
- 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 including in relation to card payments);
- 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.

Taking these things into account, I need to decide whether Revolut acted fairly and reasonably in its dealings with Mrs O.

Should Revolut have intervened when Mrs O made the payments?

There's no question Mrs O has fallen victim to a cruel and cynical scam. Unfortunately, that alone doesn't mean Revolut has to refund her. Although we now know with the benefit of hindsight that this was a scam, the question I have to consider is whether Revolut should've recognised that, given the information that was available to it at the time. If it couldn't reasonably have known that the payments were fraudulent, I'm afraid I can't find that it was at fault for failing to prevent the scam.

Like our investigator, I agree that Revolut ought to have been concerned about the payments. It's not in dispute that the payments were authorised, so the starting position is that Revolut isn't liable for the transactions, but the payments being made from Mrs O's Revolut account were in quick succession to various merchants and this was not in-line with the way Mrs O had previously used her account.

However, Revolut did make a number of interventions during the course of the scam payments. It declined eight of the payments Mrs O attempted to make and provided tailored warnings and interventions.

In particular, it declined the payments Mrs O attempted to make to merchant 1 in the table above, and a push notification and a warning was sent to Mrs O. It said:

'Payment blocked. Our systems have identified a possible scam, and we've blocked similar merchants. Tap to review.'

Mrs O was then directed to the warning:

'We've blocked some merchants - This payment was flagged as a scam, so we declined it and blocked similar merchants to protect you. Review the risks to unblock.'

Mrs O was then directed to a screen to review the risks Revolut had identified before she could unblock the merchant. The screen said:

'Something doesn't look right – your payment is unusual and flagged as a scam. To unblock future payments to similar merchants, we need to ask you some questions'.

Revolut then set out: *'– it's important you answer honestly – if you're being scammed, the fraudster may ask you to hide the real reason for this payment.'* Mrs O confirmed she understood this warning.

Revolut then set out a questionnaire about the payments. It asked if anyone was pressuring Mrs O to make the payment. Mrs O answered 'no' to this question. She selected the purpose of the transaction was to buy or rent goods/services and she confirmed that she had completed research before making this purchase.

Revolut then provided a tailored warning relevant to the payment purpose Mrs O had selected and Mrs O then confirmed the payment.

The next transactions Revolut blocked were to merchant 2. Again, Revolut asked Mrs O to complete a questionnaire and again Mrs O said she was buying or renting goods/services. She also indicated that she knew the seller and had seen the item in person. Revolut then sent Mrs O tailored warnings specific to the payment purpose she said applied to the transaction.

For the payment to merchant 5 and merchant 6, again Revolut blocked the payment and asked Mrs O to provide information about the payment. Mrs O confirmed she had seen documentation for the item/services she was purchasing. Again, a tailored warning was given.

In each intervention Revolut asked if Mrs O was being pressured to make the payment and it set out:

' - If you are being told what to say, or that you need to act quickly, this may be a scam.'

On each intervention Mrs O confirmed that she was completing the transaction herself and that no-one was telling her what to do and that she did not want to keep the merchant blocked.

However, Mrs O didn't provide accurate answers to Revolut's questions about why she was attempting to make the payments. Mrs O denied that anyone had contacted her telling her to make the payments. Revolut warned Mrs O that if she had been told to make the payments or guided on how to do it then it could be a scam. Mrs O said she was making legitimate purchases and was not being guided or encouraged to do so by anyone.

I do appreciate that Mrs O gave misleading answers to Revolut because the fraudsters had prompted her to do so and she was very worried that her money would be lost if she did not follow their instructions. Unfortunately, because of the answers Mrs O gave, Revolut's suspicions were allayed. However, it still provided additional warnings about scams and asked further questions, but these were unlikely to uncover the scam because Mrs O didn't give the real reason for the payments.

Overall, the above persuades me that Revolut reasonably intervened, but despite asking probing questions to try and understand why the payments were being made, it wasn't provided with accurate answers. This meant that it was harder for Revolut to try and uncover the scam. I think this shows that Mrs O was under the influence of the scammer to such an extent that she had reached a point where she was willing to repeatedly provide incorrect information to Revolut in order for her money to be released and for the payments to go through.

It is very unfortunate that Mrs O did not tell Revolut the true reason for the payments, but I cannot reasonably say that Revolut failed to provide appropriate interventions when it suspected that Mrs O was at risk of being scammed.

I have also taken into account that the completed card payments were authorised via 3DS authentication and Mrs O authorised the payments through her Revolut app which showed her the merchant the payment was going to and the amount.

I recognise Mrs O has been the victim of a cruel scam and I'm sorry she lost this money. But for the reasons I've explained, I think Revolut acted fairly and reasonably in its dealings with Mrs O, so I won't be asking it to refund her.

Recovery of funds

I note that Revolut made a recovery attempt on the bank transfer of £550.21. This was successfully recovered and the money was credited to Mrs O's account.

I have also considered whether there was a reasonable prospect of chargeback succeeding. The chargeback scheme is a voluntary agreement between card providers and card issuers who set the scheme rules and is not enforced by law. However, a chargeback isn't guaranteed to result in a refund.

There needs to be a right to a chargeback under the scheme rules, and under those rules the merchant can defend a chargeback if it doesn't agree with the request. Unfortunately, it is likely that the merchants would have challenged the chargebacks as the goods and services were most likely provided (albeit I accept Mrs O didn't receive them personally). We would only expect a business to raise a chargeback if it were likely to be successful. Based on everything here, while the rules don't cover scams, even if chargebacks had been raised, it's most likely they wouldn't have succeeded.

My final decision

My decision is that, for the reasons I have set out above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 24 June 2025.

Suzannah Stuart
Ombudsman