

## The complaint

Ms A complains that Revolut Ltd won't refund money she lost when she was the victim of a scam.

## What happened

The background to this complaint is well known to both parties, so I won't repeat everything here. In October 2024 Ms A received a call from someone who claimed to be an employee of His Majesty's Revenue and Customs (HMRC). The caller explained she needed to make payments to HMRC in order to avoid being taken to court. The caller told Ms A she could check the number he was calling from against the HMRC website. She could see the number was the same one. The caller also told Ms A she needed to set up a new account with Revolut as HMRC couldn't accept payments from her bank, which she did.

Ms A used her Revolut account to make the following payments:

Payment number	Date	Type of Transaction	Amount
1	15 October 2024	Card payment to money transfer service	£498.99
2	15 October 2024	Card payment to money transfer service	£439.99
3	15 October 2024	Card payment to money transfer service	£490.99
4	15 October 2024	Card payment to money transfer service	£489.99
5	15 October 2024	Card payment to money transfer service	£488.99
6	15 October 2024	Declined card payment to money transfer service	£487.99
7	15 October 2024	Declined transfer to own account	£529.88
8	15 October 2024	Transfer to own account	£529.88

Ms A realised she was being scammed part way through the call. She said she used a different phone to call HMRC who advised her it was a scam. Ms A said she kept the scammers on the phone and contacted Revolut using its chat service to explain she was being scammed and that she wanted it to get her funds back.

Revolut refused to refund any of the transactions. Unhappy with this, Ms A complained to Revolut. Ms A didn't think Revolut were very helpful or that they understood the urgency of the situation she was in. The complaint was subsequently referred to our service.

The Investigator didn't think the payments Ms A made were unusual and so he didn't feel Revolut should have identified a scam risk. Ms A didn't agree. In short, she said:

- Revolut had failed to protect her from falling victim to a scam.
- Contacting Revolut after the scam was difficult and this caused her emotional distress.
- A payment was flagged by Revolut but this was because it was over £500.
- The principles of the Contingent Reimbursement Model Code (CRM Code) should be

taken into account.

- Revolut didn't do enough to recover her funds.
- She thought Revolut's decision was inconsistent with the *Supreme Court judgement in the case of Philipp v Barclays Bank UK plc [2023] UKSC 25*.

Ms A's complaint has now been passed to me for review and a 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.

Ms A has made extensive submissions in support of this complaint. I'm very aware that I've summarised this complaint and the relevant submissions briefly, in much less detail than has been provided, and in my own words. No discourtesy is intended by this.

Instead, I've focussed on what I think is the heart of the matter here. As a consequence, if there's something I've not mentioned, it isn't because I've ignored it - I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I consider is the right outcome. Our rules allow me to do this, reflecting the informal nature of our service as a free alternative to the courts.

As such, the purpose of my decision isn't to address every single point raised. My role is to consider the evidence presented by the parties to this complaint, and reach what I think is an independent, fair and reasonable decision, based on what I find to be the facts of the case. For the avoidance of doubt, in doing so, I have carefully reviewed everything submitted by Ms A.

I'm sorry Ms A has been the victim of a scam and lost a significant amount of money. I want to assure her that I don't underestimate the impact this has had on her, both financially and on her personal life. But it would only be fair for me to direct Revolut to refund her loss if I thought it was responsible. And, for similar reasons as our Investigator, I'm not persuaded that this was the case. I'll explain why.

I've thought about the CRM Code which can offer a potential means of obtaining a refund following scams like this one. But as Revolut isn't a signatory of the CRM Code, these payments aren't covered under it. Ms A has also referred to the mandatory reimbursement scheme introduced by the Payment Systems Regulator which came into force in October 2024. However, Ms A made all the disputed payments by debit card and this scheme doesn't apply to debit card transactions. I've therefore considered whether Revolut should reimburse Ms A under any of its other obligations.

Ms A has raised some concerns around the transactions stopped by Revolut and that it only declined a transaction because it was above £500. She also raised some concerns with the transaction history used by the Investigator. The history that Revolut provided our service has more detailed information than the statement data Ms A has sent us, so this is the data I have used when deciding the complaint. The Investigator has already provided Ms A with a copy of this.

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. It isn't disputed that Ms A knowingly made the payments from her account – albeit under the direction of the scammer – and so, I'm satisfied she authorised them. Therefore, under the Payment Services Regulations 2017 and the terms of her

account, Revolut is expected to process Ms A's payments, and she is presumed liable for the loss in the first instance.

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;
- 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.

But, with that in mind, there is also a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments.

So, the starting point for me is to consider whether any of Ms A's payment instructions – taken either individually or collectively - were particularly unusual or suspicious to have required intervention from Revolut.

The account was opened just before the scam so there was no account activity prior to the transactions in question, so it is difficult for me to agree that Revolut could identify the transactions as 'out of character' for Ms A. Each of the payments sent to the money transfer service were under £500 and did not increase significantly in value during the scam (which can sometimes happen when a customer is falling victim to a scam). And although I appreciate that the payments may have represented a lot of money to Ms A, they were simply not of a value where I'd usually expect Revolut to be concerned that Ms A was at a heightened risk of financial harm.

I can see that Ms A highlighted at the account opening stage that the purpose for the account was to make transfers and that the disputed payments was in line with this. And although Payments 1 to 5 were carried out relatively close to each other, this alone is not enough for me to agree that Revolut should have intervened before processing them. It's not for this service to dictate how Revolut configures its fraud protection systems. It does have a difficult balance to strike in how it does this to enable it to detect unusual activity or activity that might otherwise indicate a higher than usual risk of fraud. There is a delicate balance to be struck. There are many millions of payments made each day, and it would not be possible or reasonable to expect a payment provider to check each one. And based on what Revolut knew about the payments, I don't think it acted unreasonably by not intervening for Payments 1 to 5.

However, by Payment 6 a pattern of fraud had developed which could indicate that Ms A was at risk of financial harm from fraud. At this point she had transferred 5 payments for the total value of £2,408.95. Payment 6 would have taken her total spending to £2,896.94. Revolut did provide a warning to Ms A for this payment, and I can see that she did not proceed with it. This warning highlighted that the payment may be part of a scam. It asked if Ms A several questions including:

*Question - "Is anyone pressuring you to make this transfer? - If you are being told what to say, or that you need to act quickly, this may be a scam."*

*Ms A's answer - "No, I am completing this transaction by myself."*

*Question - "If someone is telling you to ignore these warnings, they're a scammer. - Only continue if you're sure nobody is pressuring you to make a payment."*

*Ms A's answer - "Continue."*

*Question - "Why are you making this payment?"*

*Ms A's answer - "I'm paying taxes, or a fine from a legitimate institution."*

*Question - "Did you receive a call or text message? If you're unsure whether it was legitimate, seek out the organisation's official contact details and confirm with them."*

At this point Ms A cancelled the payment, so Revolut couldn't explore it any further. But I think the warning Revolut provided for this payment was appropriate and proportionate to the risk identified by it at the time. And given that Ms A cancelled the payment it's likely it prevented her from incurring further losses.

For completeness, I have looked at the actions of Revolut on Payment 7 and 8. Payment 7 was declined but Ms A put this payment through again (Payment 8) and it was authorised. These are the only relevant transactions above £500. I have looked through the warning screens and answers Ms A provided on Payment 8, and she confirmed she was sending this money to her "account with another bank". Revolut paused the payment for 3 hours as it believed it looked suspicious. This can sometimes give a customer time to think about whether to make or cancel a payment. And after a few hours the payment was made.

Ms A was worried that the remaining funds in her account, following the scam, were at risk and that she was attempting to mitigate her losses by moving the money to another account. Her online chat with Revolut confirms she wanted her funds to be moved immediately. She has highlighted concerns around this point as part of her complaint. It is important to note that she had terminated the card and reported the scam, so there was no further risk to her funds at this point. I understand that it would have been frustrating to wait for this payment to go through but in the circumstances, I don't think Revolut acted incorrectly by delaying it.

Ms A has also raised concerns that Revolut hasn't acted in line with the Supreme Court's decision in *Philipp*. In that case, the Supreme Court considered the nature and extent of the contractual duties owed by banks when making payments. Among other things, it said, in summary that where a customer has authorised or instructed a bank to make a payment, the bank must carry out the instruction promptly. It is not for the bank to concern itself with the wisdom or risk of its customer's payment decisions. Though the express terms of the current account contract may modify or alter that position. For example, in *Philipp*, the contract permitted Barclays not to follow its consumer's instructions where it reasonably believed the payment instruction was the result of Authorised Push Payment fraud; but the court said

having the right to decline to carry out an instruction was not the same as being under a duty to do so.

In this case, the terms of Revolut's contract with Ms A modified the starting position described in *Philipp*, by expressly requiring Revolut to refuse or delay a payment "*if legal or regulatory requirements prevent us from making the payment or mean that we need to carry out further checks*". So, it had a contractual right to delay or refuse to make payments where it suspected fraud. However, as I explained above, I don't think that Payments 1 to 5 should reasonably have been flagged by Revolut as suspicious and therefore potentially fraudulent. So, I think Revolut acted reasonably when it carried out Ms A's instructions without refusing or delaying the payments in question.

Ms A has highlighted why she was unhappy with the service received when reporting the scam and that Revolut have caused her a significant level of distress. I can understand that Ms A would have been extremely worried about losing her funds and so having to explain this through a chat service would have been extremely frustrating. I can also see that Revolut may not have fully grasped why Ms A needed a response as soon as possible and that some of the answers provided by Revolut may have seemed repetitive.

However, it's important that I recognise the main cause of Ms A's loss and therefore distress, is down to the fraudster. And having looked through the messages and timeline of events I can see that Revolut responded quickly to Ms A's query. It also confirmed the actions it could take which included a chargeback claim and highlighted she could raise a complaint if she remained unhappy.

By the time Ms A contacted Revolut her payments to the scammer had already been authorised and paid through the money transfer service to the scammer. Revolut wouldn't have been able to get these funds back even if it acted more quickly when Ms A contacted it. So, while I can understand Ms A's frustrations, having reviewed Ms A's complaint in full, I don't think Revolut unreasonably delayed the handling of her claim. I also haven't found any errors or unreasonable delays in its contact following the scam, so I don't think it is fair and reasonable to award compensation in these circumstances.

#### *Could Revolut have recovered Ms A's funds?*

There are industry standards around attempting recovery of funds where a scam is reported. So, I've also thought about whether Revolut could have done more to recover the funds after Ms A reported the fraud.

It's possible to dispute a debit card payment through a process called chargeback, which can sometimes be attempted if something has gone wrong with a debit card purchase, subject to the relevant card scheme's rules. Revolut didn't think a chargeback would have been successful in the circumstances, which I agree with. This is because the money transfer company provided the service Ms A had paid for by successfully transferring the funds in line with her instructions. The funds were moved on to the scammers from there, so they wouldn't have been recoverable. So, I don't think there was anything further Revolut could have done to recover them.

I'm sorry to hear Ms A suffered a financial loss as a result of what happened. But it would only be fair for me to direct Revolut to refund her loss if I thought it was responsible – and I'm not persuaded that this was the case. For the above reasons, I think Revolut has acted fairly and so I'm not going to tell it to do anything further.

**My final decision**

For the reasons I've explained, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 9 July 2025.

Aleya Khanom  
**Ombudsman**