

The complaint

Mr C complains that Revolut Ltd won't refund him the money he lost after he fell victim to an Authorised Push Payment ("APP") scam.

What happened

I issued a provisional decision for this complaint on 19 February 2025. In it I set out the background and my proposed findings. I've included a copy of the provisional decision at the end of this final decision, in italics. I won't then repeat all of what was said here.

Both parties have now had an opportunity to respond to the provisional decision. Mr C accepted the outcome. Revolut didn't respond. As the deadline for responses has now expired, I'm going on to issue my 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.

Having done so, I'm upholding the complaint in line with my provisional findings.

As Mr C accepted those findings, and Revolut didn't respond, there is no further evidence or argument for me to consider. I see no reason to depart from the findings and reasoning I've already explained.

Putting things right

For the reasons explained here and in my provisional decision I uphold this complaint and ask Revolut Ltd to:

- refund Mr C the money he lost to the fraudsters (being £6,885.04, less any money that Revolut Ltd was able to recover and return to Mr C)
- pay interest on this amount calculated at 8% simple per year from the date of loss to the date of settlement (if Revolut Ltd deducts tax from this interest, it should provide Mr C with the appropriate tax deduction certificate).

My final decision

I uphold this complaint against Revolut Ltd.

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

Provisional Decision

I've considered the relevant information about this complaint.

Having done so, I've reached a different outcome to our Investigator.

The deadline for both parties to provide any further comments or evidence for me to consider is 5 March 2025. Unless the information changes my mind, my final decision is likely to be along the following lines.

If Revolut Ltd accepts my provisional decision, it should let me know. If Mr C also accepts, I may arrange for the complaint to be closed as resolved at this stage without a final decision.

The complaint

Mr C complains that Revolut Ltd won't refund him the money he lost after he fell victim to an Authorised Push Payment ("APP") scam.

What happened

The background to this complaint is well-known to both parties, so I won't repeat it in detail here. But in summary and based on the submissions of both parties, I understand it to be as follows.

Mr C holds a Revolut account, alongside an account with another financial firm, that I will refer to as Bank A. In February 2023, he received a telephone call from someone claiming to be an employee of Bank A. In reality, this individual was a fraudster.

They informed Mr C that the account that he held with Bank A had been compromised. Mr C has said the fraudsters appeared to know a lot of personal information about him, such as his bank account and sort-code and his date of birth. The fraudsters suggested that Mr C check his online banking, which he did, where he was able to see attempted transactions that he hadn't made.

The fraudsters also knew that Mr C held an account with Revolut and told him, in order to protect his money and keep it safe, he should transfer his funds from Bank A to his Revolut account. Believing things to be genuine, Mr C followed the fraudsters instructions.

The fraudsters told Mr C they had informed Revolut and that a member of Revolut's team would be in contact, to make sure that the account Mr C held with Revolut hadn't also been compromised. Shortly after and as expected, Mr C received a call from someone claiming to be from Revolut. Mr C was told that his Revolut account had also been compromised and that he would need to move his money to a 'safe account' to prevent any of his funds being taken.

Believing his money to be at risk, Mr C followed the instructions he was given and made the following payment from his Revolut account, to what he believed to be a 'safe account' in his name. Sadly the money was sent to an account the fraudsters controlled.

26 February 2023 £6,885.04

Revolut found the payment to be suspicious which prompted it, through its automated functions, to show Mr C general scam warnings and to ask Mr C what the purpose of the payment was - Mr C selected the payment purpose as "something else". Mr C has said that he doesn't recall why he selected 'something else', rather than 'safe account', which was

also an option. Mr C has said the fraudsters had told him he would see some 'pop up' messages, but that he should ignore these. Mr C confirmed that he was told by fraudsters, during both calls, that he needed to move his money to protect it and throughout it was his belief that he was moving money to a 'safe account'.

After making the payment from his Revolut account, he contacted Bank A to keep it updated about what was happening. Bank A informed Mr C that it hadn't contacted him and the scam came to light.

Once he'd realised he'd fallen victim to a scam, Mr C notified Revolut. It didn't agree to refund his loss. In summary, Revolut said that it had warned Mr C on several occasions and didn't consider it was liable. Revolut attempted to recover the money Mr C had sent to the beneficiary account (the account to which the money was sent), but was only able to recover £86.04.

Unhappy with Revolut's response, Mr C brought his complaint to this service. One of our Investigators looked into things, but didn't think the complaint should be upheld. In summary, it was our Investigators view that the warnings Revolut had provided were proportionate. Our Investigator added that where Mr C had selected 'something else', as the purpose of the transfer, it didn't give Revolut the opportunity to intervene further.

Through his representative's, Mr C didn't agree with our Investigators view. Mr C argued that the warnings Revolut presented didn't go far enough and the payment should have triggered an intervention, where Revolut should have spoken to him before allowing the payment to be progressed. Mr C said that had Revolut contacted him and asked him about the payment, he would have explained he had been contacted by Revolut and the scam would have been uncovered.

As agreement couldn't be reached, the complaint has been passed to me for a decision.

What I've provisionally 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 ("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 February 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;*

- 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.

Should Revolut have recognised that Mr C was at risk of financial harm from fraud?

From what I've seen I'm satisfied that Revolut should have identified a potential scam risk with the payment for £6,885.04 Mr C made. This payment was significantly higher than the usual transactions made on Mr C's account, it was by some margin the largest payment that he'd ever made from his account and it was to a new payee.

I also think the pattern of account activity should have looked concerning to Revolut. Mr C transferred a significant amount of money to his account (much more than he typically does) and then very soon after transferred it out to a new payee – almost fully draining the account – which is broadly typical of the activity seen in safe account scams. Alongside this, Mr C doesn't frequently make transfers from this account, rather it is mainly used for card transactions. Where a transfer has taken place, in the months leading up to the scam, these appear to be for much lesser amounts and to a pre-existing payee.

These factors, taken collectively, should have raised concerns that Mr C was at risk of being scammed. I think this warranted Revolut intervening before processing the payment. Revolut did take some steps to protect Mr C, it asked him to confirm the purpose of the payment and he selected "something else." Mr C was presented with warnings which provided educational stories about scams and gave Mr C the option of reading more about scams or to get advice from one of its agents. Mr C chose to carry on with the payment.

Mr C has said that the fraudsters had told him he would see some 'pop up' warnings, but that he could ignore them. He's said that he doesn't recall making the selection of 'something else', but that he wasn't told to select that by the fraudsters and has consistently said that he thought he was sending the money to a safe account. This isn't particularly surprising given what is known about the methods used by fraudsters perpetrating safe account scams. It is a common feature that victims are rushed to engender a sense of panic. Fraudsters also often maintain constant communication to make it harder for people to think critically about the actions they're taking.

I can see why Revolut might feel that there was little more it could've done here. However, I am not persuaded that a written warning alone was a proportionate response to the risk here. I'm minded to say that, in the individual circumstances of this complaint, there was enough going on that Revolut's intervention should have gone further than it did. It should have paused the payment and required Mr C to interact with a member of its staff, such as through its in-app chat function or through a verbal conversation. I would've expected Revolut to have contacted Mr C and asked him questions about the payment – rather than relying on a warning.

If Revolut had intervened in the way described, would that have prevented the loss Mr C suffered?

I'm mindful, as mentioned above, that Mr C had been told to move through the pop-up messages that were presented and of course, there is the possibility this could have continued if Mr C had been directed to an in-app chat - so I've thought carefully about

whether an in-app intervention of the kind I've described would have uncovered the scam. But I've also considered that I've not seen any indication that Mr C was provided with a detailed cover story by the scammer which was likely to have withstood a direct intervention through a real time conversation with Revolut. And I haven't seen anything to suggest the scammer had told Mr C to lie or mislead Revolut about the overall circumstances of the payment.

Once Mr C had been directed to the in-app chat, I would reasonably expect Revolut to have asked open-ended and probing questions about the circumstances of the payment and explained the context around any questions it asked. I think it should have assessed any information it was given, such as anything unusual or implausible in Mr C's answers or any reluctance to answer questions. And I think it should have been aware of the possibility that a customer is being guided through the process by the scammer or have been given a cover story, and taken steps to identify where that was taking place. Revolut would have been familiar with the circumstances of similar 'safe account' scams and would have been able to identify that the payment Mr C was making wasn't into an account in his name as he'd been told.

On balance, I think it is likely Mr C would have answered Revolut's questions openly and honestly. It would, therefore, likely have identified the hallmarks of a common scam and warned him appropriately. I am persuaded that this would have prevented him from making the payment to the fraudsters. Alongside this, as Revolut didn't question the payment Mr C made, it can provide no compelling evidence that he would have misled it about the purpose of the payment or the surrounding circumstances.

In reaching my decision about what is fair and reasonable, I have taken into account that the payment that funded the scam was made from an account Mr C held at another regulated financial firm. But I think that Revolut still should have recognised that Mr C might have been at risk of financial harm from fraud when he made the payment, and in those circumstances Revolut should have made further enquiries about the payment before processing it.

For reasons explained above, if it had done that, I am satisfied it would have prevented the loss Mr C suffered. The fact that the money used to fund the scam came from elsewhere does not alter that fact, and I think Revolut can fairly be held responsible for Mr C's loss in such circumstances.

Should Mr C bear any responsibility for his losses?

In considering this point, I have taken into account what the law says about contributory negligence while keeping in mind that I must decide this complaint based on what I consider to be fair and reasonable in all the circumstances.

Mr C did not simply accept the fraudsters' claims at face value. The fraudsters used multiple pieces of information to convince him that their calls were genuine, including personal details about him and knowledge of his banking transactions. Mr C has explained that he did question the fraudsters on several occasions, but was persuaded by their answers, particularly so given the information they knew about him and his accounts. He was clearly mindful of the potential risk of fraud and took some basic steps to reassure himself that the calls were genuine. In the circumstances, I find it understandable why he was persuaded that he was dealing with genuine employees.

I have also considered whether Mr C's selection of an inaccurate payment category should count against him. However, as I have already noted, fraudsters deliberately create a sense of urgency and confusion to prevent victims from thinking critically. I think it's likely that he rushed this part of the payment process, rather than being particularly careless.

Overall, I don't think there should be a deduction to the amount reimbursed. Mr C clearly didn't want to lose his money. His actions cannot be explained by carelessness or personal gain. There's little other explanation than that he believed what he was told by some sophisticated fraudsters and in the circumstances, I don't find his belief to be unreasonable.

My provisional decision

For the reasons explained, I'm intending to uphold this complaint and to direct Revolut Ltd to:

- *refund Mr C the money he lost to the fraudsters (being £6,885.04, less any money that Revolut Ltd was able to recover and return to Mr C)*
- *pay interest on this amount calculated at 8% simple per year from the date of loss to the date of settlement (if Revolut Ltd deducts tax from this interest, it should provide Mr C with the appropriate tax deduction certificate).*

My provisional decision

My provisional decision is that I uphold this complaint.

Stephen Wise
Ombudsman