

The complaint

Ms H complains that Revolut Ltd won't refund her the money she lost after she fell victim to an Authorised Push Payment ("APP") scam.

What happened

I issued a provisional decision for this complaint on 28 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. Ms H 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 Ms H 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 Ms H £17,662.70
- 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 Ms H 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 Ms H to accept or reject my decision before 13 April 2025.

'Provisional Decision'

I've considered the relevant information about this complaint.

Having done so, I've reached broadly the same outcome as our Investigator, in that I'm minded to uphold this complaint in part, however the redress I'm mindful to ask Revolut to pay Ms H differs.

The deadline for both parties to provide any further comments or evidence for me to consider is 14 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 Ms H also accepts, I may arrange for the complaint to be closed as resolved at this stage without a final decision.

The complaint

Ms H complains that Revolut Ltd won't refund her the money she lost after she 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 I understand it to be as follows.

In October 2022, Ms H fell victim to an impersonation scam. She received a call from somebody claiming to be from Revolut, saying that her account was in trouble as somebody had access to it. Unknown to her at the time she was speaking with fraudsters.

Ms H recalled she had lost her wallet, which contained her physical cards, around a month earlier, which she thought may be linked to her account now being compromised. She's said she told the fraudster about this and how the cards related to her Revolut account, and to an account that she held with another financial firm, which I'll refer to as Bank A.

The fraudsters told Ms H that they would be in contact with Bank A and that Bank A would call her. Shortly after, as expected, Ms H received a call from somebody claiming to be from Bank A. The caller suggested that Ms H searched the number she had been called from online and it showed as a genuine number for Bank A.

They told her that somebody had access to her online banking and that she urgently needed to move her money from Bank A to her Revolut account (and from there to a new account that would be set up for her with Bank A). Ms H said that she would go to the branch of Bank A the following morning, but the fraudsters told her that she needed to follow the steps straight away.

Ms H has said she was suspicious and challenged the caller. She said whenever she called the number that had recently called her, from her recent call numbers, it was the same person that picked up. Believing everything to be genuine, Ms H followed the fraudsters instructions and began making payments from the account she held with Bank A to her Revolut account. From there, she set up a new payee on her Revolut account and over the course of just over an hour, went on to make the following payments, totalling £40,000, to an account that she believed was under Bank A's control – but it was in fact an account that was controlled by the fraudsters;

<i>Payment 1</i>	<i>26/10/2022</i>	<i>£8,000</i>
<i>Payment 2</i>	<i>26/10/2022</i>	<i>£5,000</i>
<i>Payment 3</i>	<i>26/10/2022</i>	<i>£4,900</i>
<i>Payment 4</i>	<i>26/10/2022</i>	<i>£4,800</i>

Payment 5	26/10/2022	£4,700
Payment 6	26/10/2022	£4,600
Payment 7	26/10/2022	£4,500
Payment 8	26/10/2022	£3,500

Ms H realised she'd been scammed when the fraudster asked her to set up an overdraft. Being suspicious of this, she called an emergency number she found for Bank A and the scam came to light.

Ms H raised the matter with Revolut, but it didn't uphold her complaint. In summary, it said it had done everything in its power to protect Ms H and had provided her with warnings.

Unhappy with Revolut's response, Ms H brought her complaint to this service. One of our Investigator's looked into things and thought the complaint should be upheld in part. In summary, he thought that by the time Ms H made the second payment towards the scam there was enough going on that Revolut ought to have cause for concern that Ms H might be at risk of being scammed. He thought Revolut should have made further enquiries about the purpose of the payment before allowing it to be made.

The Investigator considered that had Revolut done this, the scam would've come to light and further payments would've been avoided. However, the Investigator also considered there were elements of the scam that ought to have caused concern for Ms H – and therefore considered that Ms H should also be held liable for her losses.

Additionally, the Investigator considered that the bank from which Ms H transferred her money to Revolut, Bank A, also ought to have been on alert that Ms H may be at risk of financial harm from fraud. The Investigator therefore recommended each bank should reimburse Ms H 25% of the loss she had suffered (from the point of the second payment she had made to the fraudsters, from each of the respective accounts), with Ms H being liable for the remaining 50%.

Ms H accepted the Investigator's view (as did Bank A in respect of the complaint she raised against them) but Revolut disagreed. I have summarised the main points it raised below;

- *This service is permitted to depart from the law, but where we do we should explain that we have done so and explain why. If we apply the law or legal duties, we should apply it correctly and if we err in law, we are susceptible to judicial review on the grounds of error in law in relation to our identification of what the law is (as well as perversity and irrationality).*
- *Revolut is bound by contract, applicable regulations and common law to execute valid payment instructions. The duty is strict and there are only limited exceptions. Revolut referred to specific terms in its terms and conditions and went on to say that although the relationship between a payment service provider (like Revolut) and a customer is one of contract, such contracts are performed in a heavily regulated legal environment. The most significant legislation is the Payment Services Regulations 2017 which impose obligations to execute authorised payments promptly. By suggesting that it needs to reimburse customers, it says our service is erring in law.*
- *This service has overstated Revolut's obligations. Revolut recognises its obligations and has put adequate procedures in place. But the duty is not absolute and doesn't require Revolut to detect and prevent all fraud.*
- *It does not need to concern itself with the wisdom or potential for financial loss of a customer's payment instructions. This was confirmed in the recent Supreme Court judgement in the case of Philipp v Barclays Bank UK plc [2023] UKSC 25.*
- *Our service appears to be treating Revolut as if it were a signatory to the Contingent Reimbursement Model Code.*

- *The Payment Service Regulator's ("PSR") future mandatory reimbursement scheme will not require it to refund payments made in these circumstances either.*
- *The external institution failed their duty of care for Ms H's funds.*
- *Ms H ignored warnings it had given, before the payments were made.*

As no agreement could 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 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.

And, as the Supreme Court has recently reiterated in Philipp v Barclays Bank UK PLC, subject to some limited exceptions banks have a contractual duty to make payments in compliance with the customer's instructions.

In that case, the Supreme Court considered the nature and extent of the contractual duties owed by banks to their customers when making payments. Among other things, it said, in summary:

- *The starting position is that it is an implied term of any current account contract that, where a customer has authorised and instructed a bank to make a payment, it 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.*
- *At paragraph 114 of the judgment the court noted that express terms of the current account contract may modify or alter that position. In Philipp, the contract permitted Barclays not to follow its consumer's instructions where it reasonably believed the payment instruction was the result of APP fraud; but the court said having the right to decline to carry out an instruction was not the same as being under a legal duty to do so.*

In this case, the terms of Revolut's contract with Ms H 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 Revolut was required by the implied terms of its contract with Ms H and the Payment Services Regulations to carry out their instructions promptly, except in the circumstances set out in its contract, which included where regulatory requirements meant it needed to carry out further checks.

Whether or not Revolut was required to refuse or delay a payment for one of the reasons set out in its contract, the basic implied requirement to carry out an instruction promptly did not

in any event mean Revolut was required to carry out the payments immediately¹. Revolut could comply with the requirement to carry out payments promptly while still giving fraud warnings, or making further enquiries, prior to making the payment.

And, I am satisfied that, taking into account longstanding regulatory expectations and requirements and what I consider to have been good industry practice at the time, Revolut should in October 2022 fairly and reasonably have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances (irrespective of whether it was also required by the express terms of its contract to do so).

In reaching the view that Revolut should have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances, I am mindful that in practice all banks and EMI's like Revolut do in fact seek to take those steps, often by:

- using algorithms to identify transactions presenting an increased risk of fraud;²*
- requiring consumers to provide additional information about the purpose of transactions during the payment authorisation process;*
- using the confirmation of payee system for authorised push payments;*
- providing increasingly tailored and specific automated warnings, or in some circumstances human intervention, when an increased risk of fraud is identified.*

In reaching my conclusions about what Revolut ought fairly and reasonably to have done, I am also mindful that:

- Electronic Money Institutions like Revolut are required to conduct their business with “due skill, care and diligence” (FCA Principle for Businesses 2), “integrity” (FCA Principle for Businesses 1) and a firm “must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems” (FCA Principle for Businesses 3).*
- Over the years, the FCA, and its predecessor the FSA, have published a series of publications setting out non-exhaustive examples of good and poor practice found when reviewing measures taken by firms to counter financial crime, including various iterations of the “Financial crime: a guide for firms”.*
- Regulated firms are required to comply with legal and regulatory anti-money laundering and countering the financing of terrorism requirements. Those requirements include maintaining proportionate and risk-sensitive policies and procedures to identify, assess and manage money laundering risk – for example through customer due-diligence measures and the ongoing monitoring of the business relationship (including through the scrutiny of transactions undertaken throughout the course of the relationship). I do not suggest that Revolut ought to have had concerns about money laundering or financing terrorism here, but I*

¹ The Payment Services Regulation 2017 Reg. 86(1) states that “the payer’s payment service provider must ensure that the amount of the payment transaction is credited to the payee’s payment service provider’s account **by the end of the business day following the time of receipt of the payment order**” (emphasis added).

² For example, Revolut’s website explains it launched an automated anti-fraud system in August 2018: <https://www.revolut.com/news/revolut-unveils-new-fleet-of-machine-learning-technology-that-has-seen-a-fourfold-reduction-in-card-fraud-and-had-offers-from-banks/>

nevertheless consider these requirements to be relevant to the consideration of Revolut's obligation to monitor its customer's accounts and scrutinise transactions.

- The October 2017, BSI Code³, which a number of banks and trade associations were involved in the development of, recommended firms look to identify and help prevent transactions – particularly unusual or out of character transactions – that could involve fraud or be the result of a scam. Not all firms signed the BSI Code (and Revolut was not a signatory), but the standards and expectations it referred to represented a fair articulation of what was, in my opinion, already good industry practice in October 2017 particularly around fraud prevention, and it remains a starting point for what I consider to be the minimum standards of good industry practice now (regardless of the fact the BSI was withdrawn in 2022).*

Overall, 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 2022 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 – (as in practice Revolut sometimes does).*

Should Revolut have recognised that Ms H 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 first payment Ms H made to the fraudster (for £8,000). The evidence I've seen indicates that the account is most typically used for low value day to day spending, so I'm persuaded a payment for £8,000 ought to have appeared as unusual. Especially so as just a few minutes before there had been another payment attempted and declined, albeit for a much lesser amount, to an account that Ms H had indicated was in her own name.

In saying that I am mindful that a few weeks before Ms H had made a payment for over £16,000 – however, that was also out of character and I'm not minded to say that this was a reason for later payments to have not been deemed suspicious or out of character. I say that especially as Ms H had said she was paying 'something else', so Revolut had no meaningful understanding of what Ms H was actually making the payment for.

Overall these factors, taken collectively, should have raised concerns to Revolut that Ms H was at risk of being scammed. I think this is supported by Revolut's own submissions, where it acknowledges it deemed the payment as 'out of character'. I think this warranted Revolut intervening before processing the payment.

What did Revolut do to warn Ms H?

³ BSI: PAS 17271: 2017" Protecting customers from financial harm as result of fraud or financial abuse"

Revolut did take some steps to protect Ms H, it said that when the new beneficiary was set up Ms H was presented with a warning about the risks associated with transferring funds to beneficiaries they did not know. This warning read;

“Do you know and trust this payee?

If you’re unsure, don’t pay them, as we may not be able to help you get your money back. Remember, fraudsters can impersonate others, and we will never ask you to make a payment.”

The warning went on to say that Ms H should;

‘beware if..been..

- 1. Instructed by someone you don’t know or have recently met to move money from your account.*
- 2. Told your account is at risk, to move funds to a safe account or to take out a loan.*
- 3. Threatened with additional fines or being arrested.*
- 4. Given an offer that seems too good to be true.’*

The screen also explained that Ms H was at risk of losing money that may not be recoverable and presented her with the opportunity to get advice from an agent, or to read about scams in a blog. Ms H chose to continue with the payment.

Revolut has said that the payment was set to ‘pending’ and Ms H was asked about the purpose of the payment and warned about the most common types of scams, and advised of the possible signals of the risk of being defrauded. Revolut has said Ms H should have selected ‘safe account’ and she would have seen a warning related to this specific type of scam – but instead Ms H selected ‘something else’ as the purpose of the payment.

What kind of warning should Revolut have provided?

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 Ms H 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 Ms H and asked her questions about the payment – rather than relying on a warning.

If Revolut had provided a warning of the type described, would that have prevented the losses Ms H suffered?

I’ve carefully considered what I think would have most likely have happened, had Revolut contacted Ms H via chat or telephone and asked a specific question about why she was transferring a large sum from her account.

In doing so, I’m mindful, that Ms H has said that the fraudsters had told her she should choose paying ‘family and friends’ as the purpose of the payment, as the fraudsters said this was the best way to keep the money safe. It is therefore not clear why Ms H selected ‘something else’. But 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.

There is of course the possibility the fraudsters could have continued to instruct Ms H as to how to proceed if she been directed to an in-app chat - so I've thought carefully about whether an in-app intervention, or verbal conversation, of the kind I've described would have uncovered the scam. But I've also considered that I've not seen any indication that Ms H 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 Ms H to lie or mislead Revolut about the overall circumstances of the payment. I think this is supported by the first payment Ms H tried to make from her Revolut account, which was declined, but where she indicated the payment was going to an account in her own name.

If an intervention had taken place, as for reasons explained I think it ought to have done, 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 Ms H'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 Ms H was making wasn't into an account in her name.

I'm also mindful here that Ms H did have some doubts and so I don't think it would have taken much for Revolut to have compounded these doubts and to have quickly uncovered that Ms H was in the process of being scammed. I appreciate that Ms H may have had lengthy calls with the fraudsters so Revolut may not have been able to speak to her immediately. But if the payment remained blocked Ms H would have needed to contact Revolut to discuss it, and the PSRs allow enough time for this to happen.

Revolut has argued that we are applying the provisions of the CRM Code to complaints against it, despite it not being a signatory. I have no intention of treating Revolut as if it were a signatory to the CRM Code. I've explained in some detail the basis on which I think, fairly and reasonably, Revolut ought to have identified that Ms H was likely at risk of financial harm from fraud, and the steps it should have taken before allowing the payment to leave her account.

Overall, I'm satisfied that Revolut should fairly and reasonably have intervened further and established why Ms H chose 'something else' as a payment reason. If it had done so, I'm persuaded it is more likely than not that the scam would have been exposed and Ms H would not have lost funds from her Revolut account. In those circumstances I am satisfied it is fair to hold Revolut responsible for some of the loss.

Should Ms H bear any responsibility for their losses?

In considering this point, I've taken into account what the law says about contributory negligence as well as what's fair and reasonable in the circumstances of this complaint.

Ms H has already accepted the Investigator's opinion that any refund provided should be reduced to account for her own actions as part of the scam and as I agree with this point, I won't dwell on it, except to say that I think there were a number of things that ought to have led Ms H to proceed with more caution than she did.

In particular, I don't think a legitimate caller would have told Ms H to select 'family and friends' as a payment purpose and Ms H has acknowledged that she was aware that this is not what she was doing. Alongside this the initial transaction that Ms H attempted had been declined, after which Ms H was asked to make a payment to an account in a company name, that had no clear connection of being under Bank A's control. The fraudsters also instructed Ms H to make multiple payments, rather than one larger payment – given her money was supposedly at risk and needed to be moved as quickly as possible, it would have made more sense to make one larger payment, rather than several which would no doubt have taken longer.

I can understand how in isolation any one of these things may not have prevented Ms H from proceeding. But when taken collectively I think there were sufficient unusual factors here that Ms H ought to have acted far more cautiously than she did.

I've considered Ms H's contributory negligence against the fault of the other parties and decided that there should be a deduction of 34% from the amount reimbursed (meaning a reduction of £13,600, being 34% of the £40,000). Therefore I'm minded to say that Ms H is entitled to a refund of £26,400 (being 66% of £40,000). Bank A has already agreed to refund Ms H £8,737.30, so I think it's fair and reasonable to deduct this from the amount I'm intending to ask Revolut to pay. Overall, I'm persuaded that Revolut should refund Ms H £17,662.70 along with interest.

The matter with Bank A is now resolved and Ms H hasn't chosen to pursue it, and I can't compel her to, so I'm left to consider the complaint that is in front of me (not those which haven't been or couldn't be referred to me) and for the reasons I have set out above, I am satisfied that it would be fair to hold Revolut partially responsible for Ms H's loss as detailed above.

I'm also not persuaded it would be fair to reduce Ms H's compensation in circumstances where she has chosen not to complain further about all financial institutions involved and where it is appropriate to hold a business such as Revolut responsible (that could have prevented the loss and is responsible for failing to do so). That isn't, to my mind, wrong in law or irrational but reflects the facts of the case and my view of the fair and reasonable position.

Could Revolut have done anymore to recover Ms H's money?

Finally, I've considered whether Revolut acted reasonably in attempting to recover Ms H's funds.

The evidence I've seen from the beneficiary account (the account to which the money was sent) shows that the funds were removed from the account very soon after Ms H had sent them. Sadly, it is quite typical with these types of scams for fraudsters to move money away from the beneficiary accounts, straight after the payments are made, presumably to frustrate the efforts at this type of recovery.

From the evidence I've seen I don't think Revolut has missed an opportunity to recover any more of the money that Ms H had lost.

Putting things right

Overall and with all things considered, for the reasons explained above, my decision is that I uphold this complaint in part and now ask Revolut Ltd to:

- Refund Ms H £17,662.70

- *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 Ms H with the appropriate tax deduction certificate).*

My provisional decision

My provisional decision is that I'm intending to uphold this complaint in part.'

Stephen Wise
Ombudsman