

The complaint

A company which I'll call 'C' complains that Revolut Ltd didn't do enough to prevent the loss it suffered when it sent several payments to accounts held with the Electronic Money Institution ('EMI') as a result of a scam.

The complaint is brought on C's behalf by its director, who I'll call Ms P. Ms P is represented throughout by Mr A, but for ease I'll refer to Ms P throughout the decision.

What happened

Both parties are aware of the circumstances of the complaint, so I won't repeat them all here. But briefly, on 8 November 2021, C received an email from an existing supplier's email address requesting payment of some outstanding invoices.

On 9 November 2021, C received a follow up email about the invoices. However, although it wasn't identified by C at the time, the email address differed by one letter to the suppliers legitimate email address, and was from a scammer. C responded to the scammer's email and a couple of days later it received a further email from the scammer. This email said that the genuine supplier's bank details had changed, and C should make the invoice payment to the new details – which belonged to the scammer. C made a series of payments from its bank in Thailand to a Revolut account in the UK which it thought belonged to the genuine supplier.

On 11 November 2021, C received a further email from the scammer which said that due to an audit, any future payments needed to be made to different bank details. This happened on two further occasions, in total the scammer gave C four different bank account details to make the invoice payments into, three of the accounts were held with Revolut, in three different company names. The payments ultimately sent to the scammer across those three accounts by C, and the subjects of C's complaint to Revolut were as follows:

- Five payments totalling \$42,020.10 into the account ending 922 which belonged to 'Company One'.
- One payment for \$107,543.10 into the account ending 513 belonging to 'Company Two'.
- One payment for \$58,560.70 into the account ending 705 belonging to 'Company Three'.

At various points in the scam, some payments made by C were rejected by Revolut which meant new account details were subsequently provided by the scammer, with rationale provided to C for the subsequent changes. After payments were rejected into the three accounts held by Revolut, a further payment was made to an account held with another bank which I'll call 'B'.

On 14 January 2022, C realised it had been the victim of a scam and asked its bank to

contact Revolut and request the return of its funds. It also contacted the police and the British Embassy for assistance. However, Revolut said that only \$9.76 remained in the account ending 705, no other funds could be recovered. C complained to its bank, Revolut and the other bank who had received funds as directed by the scammer, requesting the return of the funds.

Revolut didn't uphold the complaint. It acknowledged C's report of fraud being committed, but said that it couldn't provide any details of its account holder. Revolut also said it was satisfied that it had taken the appropriate actions. C didn't think this was fair and asked our service to look into its complaint.

Our Investigator recommended the complaint be upheld. She thought that C and Revolut had both been responsible for the loss caused as a result of the fraud. She thought that the email correspondence with the fraudster and the repeated change of bank details should have raised concerns with C, but she also thought that Revolut should have had concerns about the recipient accounts and acted sooner. So, she thought the fairest resolution was for both parties to take responsibility for 50% of the loss. She recommended that Revolut refund 50% of the loss, less the \$9.76 which was recovered from the account ending 705, along with annual interest at 8% simple on the recommended award, from the date the funds came into the different accounts, to the date of settlement.

C accepted the Investigators opinion, but Revolut didn't. Revolut said that it wasn't expected to review all the transactions of its customers and apart from the frequency of the payments, there was nothing suspicious about the payments received from C. It also said it had no concerns about the account activity prior to being alerted to the fraud, and that due to the accounts being recently opened, there was no history to say whether its customers transactions were unusual. Revolut said it was satisfied with the verification checks it had completed when the accounts were opened. Therefore, it didn't think it should refund C for any of the payments and asked for an ombudsman to review the complaint.

I issued a provisional decision on 3 March 2025. I said the following:

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 sorry to disappoint C's director but I'm not intending to uphold the complaint, so I won't be asking Revolut to refund C's loss as a result of the scam.

For me to fairly uphold this complaint and direct Revolut to pay redress, I'd need to be persuaded that any error's they might have made were causal to the loss suffered (or it's otherwise fair and reasonable that a payment should be made).

As an account provider, Revolut has an obligation to be alert to various risks in relation to accounts with it. In line with its legal and regulatory obligations, it is expected to conduct its business with due skill, care, and diligence, and must fairly and reasonably have been monitoring accounts and any payments made or received to counter various risks including anti-money laundering and preventing fraud and scams. Revolut must also have systems in place to look out for unusual transactions or other signs that might indicate there is a risk of fraud.

Ultimately, it is a matter for Revolut as to how it chooses to configure its fraud detection systems and strike a balance between allowing its customers to make business transactions and questioning these transactions to confirm they are legitimate. Here, it is alleged that Revolut didn't do enough to prevent a loss which resulted from an authorised push payment scam which caused a loss to C. So, I need to decide based on the evidence from both parties, whether Revolut could and should fairly have done more to prevent the loss.

Revolut has provided information to our service to allow us to investigate C's complaint, but I'm limited on the information that I can share because it relates to different third-party accounts. But I'd like to assure C that I've carefully reviewed everything when reaching my decision. I recognise that Ms P feels Revolut should take responsibility for C's loss as it opened accounts which were used by the fraudsters, but given the circumstances of this complaint, I don't agree.

Revolut's actions prior to the arrival of any payments from C

Revolut are required to verify the identity of their account holders, and it has told us it is satisfied it did this. It has also said that there was nothing provided by its customers at the time of opening the accounts that reasonably could have put Revolut on notice that the accounts were going to be used later to receive misappropriated funds.

I'm satisfied Revolut did all it should and conducted appropriate checks prior to opening the three accounts. There was a potential cause for concern in relation to some of the documentation provided when opening the accounts for company one and two, and I think Revolut should've questioned this. But given the circumstances of this case, and the sophistication of the overall scam, with multiple accounts being opened, emails intercepted, and supporting documentation being changed, I think it's more likely than not that the accountholder would've provided reassurances such that it wouldn't have been unreasonable for Revolut to have opened the accounts.

However, even if I were to find that Revolut ought not to have opened any of the accounts, or that their monitoring of the same accounts means they should have blocked or closed them prior to the arrival of any of the funds from C, I don't think I could fairly say that these errors would've impacted the loss suffered by C. I say that because C followed the scammers instructions to make payments to new accounts on four occasions in total. I think that had any of the Revolut accounts not been opened, (or had been restricted or closed prior to the incoming payments being made), it's more likely than not that C would've instead have been instructed to make it's payments to the account held with B. So, I'm sorry to disappoint Ms P, but as such, I don't think there is a fair and reasonable basis upon which I could tell Revolut to do more in view of this.

Revolut's actions after having received payments from C

However, the payments from C did arrive in the respective Revolut accounts, so I've gone on to consider whether anything that reasonably could've been expected of Revolut in response to the activity on those accounts would've meant these funds would've been available for recovery.

Company One's account

After Revolut opened the account for Company One, there were no transactions initially. However, around a month later Revolut's customer received five payments from C totalling \$42,020.10 within a few hours and the funds were then rapidly dispersed shortly after. Revolut says it shouldn't have been suspicious of the payments received into the account as there was no patterns and the payments were not unexpected. However, Revolut undertook further checks by asking questions about the purpose of the payments and were given plausible explanations. So, I think Revolut took positive steps here by further reviewing the account activity and I'm

satisfied that at that point, Revolut wouldn't have had any reason to doubt what its customer had told them.

Looking at the evidence provided, the payments appeared to be for the named account holder and were broadly in line with what would be expected for an account of this type. Furthermore, there hadn't been any reports of fraud on the account or anything that ought reasonably to have alerted Revolut that it should have concerns about its account holder or the funds it had received. Therefore, I think it was reasonable that Revolut allowed the payments to be made from this account. Revolut told us that this account was closed in December 2021 and therefore there weren't any funds remaining for it to return to C when it was contacted about the fraud in January 2022. So, I'm satisfied it couldn't have done anything more here to recover the funds received from C into this account.

Company Two's account

Revolut opened Company Two's account less than two weeks before C's payment was received. After opening there was two small transactions initially, followed a couple of days later by the payment from C totalling \$107,543.10. These funds were then rapidly dispersed in just over twenty-four hours. Revolut told us that it undertook further checks to verify the spending patterns and legitimacy of the funds. Although I haven't seen evidence of the checks that took place, I think that when Revolut reviewed the incoming payment its likely it would have been reassured by the information it held at the time.

From the evidence I've seen, it appears the beneficiary name on the payment matched the name of the account holder, the amount of the payment was in line with expectations for the business information provided, and there hadn't been any reports of fraud for the account. So, I don't think that Revolut would have had any reason to doubt what it had been told by the account holder at that point. I also think it's likely (given the sophistication of the scam, and that Company One had already been willing to engage with Revolut) that even if Revolut had requested further information from the account holder to show they were entitled to the funds, that the account holder would have been able to provide some form of supporting documentation to satisfy Revolut's questions.

Furthermore, I haven't seen anything here which would make me think that Revolut ought to have contacted the international sending bank to query the legitimacy of the payment. So, I think it was reasonable that Revolut allowed the payments to be made from this account. Revolut told us that this account was closed in December 2021 and therefore there weren't any funds remaining for it to return to C when it was contacted about the fraud in January 2022. I'm satisfied it couldn't have done anything more here to recover the funds received from C into this account.

Company Three's account

After Revolut opened the account for Company Three, there wasn't any account activity until three months later, when there were two transactions of small amounts. However, a couple of days after these transactions, Revolut's customer received two large credits, two currency transfers and C's payment of \$58,560.70. This was then quickly followed by a series of large outgoing payments. Revolut told us that it also undertook further checks on this account to verify the spending patterns and legitimacy of the funds. Although I haven't seen evidence of the checks that took place, I think that when Revolut reviewed the incoming payment its likely it would have been reassured by the information it held at the time.

From the evidence I've seen, it appears the beneficiary name on the payment matched the name of the account holder, the amount of the payment was in line with expectations for the business information provided, and there hadn't been any reports of fraud for the account. I also think it's likely that even if Revolut had requested further information from the account holder to show they were entitled to the funds, that the account holder would have been able to provide some form of supporting documentation to satisfy Revolut's enquiry. So, I think it was reasonable that Revolut allowed the payments to be made from this account.

I can see that C's bank contacted Revolut on 13 January 2022, and by that point only the nominal amount of \$9.76 that was returned from company three's account was available in any of the accounts. So, I don't think Revolut could've done more at this point that would've resulted in more being recovered.

I'm sorry to disappoint Ms P as I know she feels strongly about C's complaint, and I understand that the fraud has a big financial impact on C. I also recognise that C's accounts person had covid-19 at the time the initial payments were made and that its supplier was undergoing a relocation, so these changes didn't seem unusual. However, I can't fairly hold Revolut responsible for C's decision to make these payments simply because it had opened accounts for the fraudster. So, whilst I sympathise with C for the situation it has found itself in, I'm not persuaded that its loss is as a result of failings by Revolut. Therefore, I won't be asking Revolut to do anything more.

I invited C and Revolut to give me any more evidence and information they wanted me to consider before issuing my final decision. Revolut didn't say whether or not it accepted the decision. C didn't agree with the decision and said in summary:

- Revolut had clearly failed to perform sufficient checks including 'Know Your Customer' ('KYC') and scam monitoring.
- My decision was inconsistent compared to the investigator, the change in approach from the original outcome was not clearly explained and evidence wasn't provided, nor have I verified the information provided by Revolut.
- They didn't understand why the outcome was different in this complaint compared to the complaint against B, whereby that bank refunded its loss in full. There was not sufficient explanation or evidence to show why there was a different outcome to the complaint raised against B.
- I have made unreasonable speculations about the actions it would have taken, had Revolut taken more action with regards to the payments, it would have had more time to contact its partners.
- There were many red flags regarding the account activity of the three company accounts, and these should have been red flags for Revolut if it had robust compliance procedures.
- There are numerous reports of complaints about Revolut's poor controls and inconsistent monitoring of accounts. It believes there are new rules requiring banks and EMI's to refund customers who are the victim of scams and therefore it should be eligible for a full refund.

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've reached the same conclusion as I did in my original decision, for the same reasons.

I'm sorry that C thinks that I have reached my decision without consideration of sufficient evidence, I'd like to reassure it that is not the case. I have seen evidence from Revolut to support my decision, however Revolut has provided information to our service and asked that it remain confidential given that it is commercially sensitive. There are rules that our service must follow when considering a complaint. These are called the DISP rules, and the key rule here is DISP 3.5.9 (2) which says that I may accept information in confidence where I consider it appropriate. Where I have relied on information that I can't share, I have described what I have seen in my provisional decision, and our rules allow me to do this. So, I'm satisfied that C has had a fair opportunity to respond to my provisional decision. The purpose of our process and my decision is for me to reach and explain my outcome, rather than for C gain access to information.

C says that my decision is different to the outcome and response received to its complaint about B. It has also referred to news reports about Revolut and its controls which it feels supports its complaint. However, I am unable to comment on or take into consideration other complaints that may or may not have been considered by this service. My role is to review the evidence provided for individual complaints and provide my outcome accordingly. However, I do just want to clarify for C that even complaints received from the same complainant against different businesses, (as they are here for B and Revolut) won't mean there will be the same outcome. Each complaint is considered individually taking into consideration the different circumstances, so it doesn't mean there would be the same outcome for multiple complaints. Nor is there an obligation on a respondent business to make the same decision on a complaint, so I can't say it was unfair for Revolut to decline to refund C's loss when a different bank agreed to refund the company.

I also acknowledge that it is likely disappointing for C that my outcome differs from that of our investigator, and that I haven't responded to every point it has raised about why it thinks Revolut should be held responsible for its loss. I haven't addressed every point that C has raised because I have focussed on what I believe is the crux of its complaint. The informal nature of this service allows me to do so. Nor do I have to follow or address the reasoning of our investigator. The purpose of our service's two stage process is that the complaint is reviewed again independently and that an ombudsman draws their own conclusions and opinions, as I have done here. In this case, I believe that C's complaint stems from its view that Revolut didn't complete sufficient KYC or account monitoring checks and therefore it should be held responsible for C's loss. But I don't agree.

Revolut has a process for opening accounts from businesses, and it's a commercial decision it is able to make on how it ensures that its account opening/onboarding process meets its legal and regulatory obligations. But even if I accepted that Revolut had made an error and it should never have opened these accounts, for the reasons I have already given in my provisional decision, I'm not persuaded that would have stopped this scam or prevented C's loss. On the balance of probability, I think it's more likely that C's payments would have been directed elsewhere instead, for example to the account held with B. And that C would have made the payments into any account details provided as it thought it was following the instructions of its supplier.

I do also want to make C aware that although there are rules in place for how bank's and EMI's deal with fraud and scam complaints, these are circumstance specific. I am aware of or the recently introduced rules through which customers will often get refunds from financial businesses. However, these rules were introduced on 7 October 2024, and these specifically say the rules only apply to payments made on or after this date. Furthermore, these rules are only applicable to payments made from UK bank account to another, they don't apply to international payments. Therefore, I can't ask Revolut to do more here in line with the new rules.

I'm sorry to disappoint C's director as I know she feels strongly about C's complaint, but I remain of the opinion that C's loss isn't as a result of failings by Revolut. Therefore, I won't be asking Revolut to do anything more.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 16 April 2025.

Jenny Lomax
Ombudsman