Financial Ombudsman Service
for small businesses

The complaint

W, a limited company, has complained Revolut Ltd did nothing to identify and stop a fraudulent payment being made to one of their customer's accounts.

What happened

W operates as a small business and holds an account with a bank that I'll refer to as B.

In March 2024 whilst W's Chief Executive was out of the office on business, the finance manager received an email supposedly from the Chief Executive asking an invoice to be sent for payment. Although there was no invoice attached, one was sent on from the same email address within the hour. This was reviewed and sent for payment.

As is W's usual process, payments are sent through B's BACS processing system. The invoice for £12,555 started its payment process on 4 March which would mean funds would reach the destination Revolut account in the morning of 6 March.

On 5 March B identified this payment as potentially suspicious and contacted W. After closer review of the invoice, the finance manager agreed this was potentially fraudulent and asked B to stop the payment. Using the industry system, B alerted Revolut by 15:50 on 5 March that the payment of £12,555 was fraudulent. Revolut reviewed this alert at 09:00 on 6 March by which time only a small amount of the funds remained. The remaining funds were returned to W.

W lodged complaints against B and Revolut. B said they did what was required of them and alerted Revolut in time for them to stop the payment. Revolut took time to respond to W and didn't review the complaint comprehensively until after W brought a complaint to the ombudsman service.

Revolut wouldn't refund W as they believed they'd done what was required of them.

W didn't accept this and asked the ombudsman service to pursue their complaint.

Our investigator reviewed the evidence Revolut provided about their customer who had received W's money fraudulently and the timeline of their contact with B. He felt Revolut had missed an opportunity to stop the payment and asked them to refund W in full.

Revolut didn't agree with this as they felt that they were unable to process the fraud claim in an automated fashion because at the time it was received, they had no sight of the incoming payment. This complaint has been referred to an ombudsman.

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 outcome as our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

To help me come to a decision, I've reviewed the evidence provided by W explaining the process whereby they received an invoice and email purported to be from their Chief Executive and sent this for processing.

I've also had the benefit of Revolut's evidence showing how their customer set up their account, what they knew about that customer's account behaviour and their interaction with B when they received their fraud claim.

I believe Revolut should have been able to identify and stop the payment received by their customer on 6 March 2024 for £12,555. I say this because:

- There's no dispute Revolut received a fraud claim for a payment into one of their customer's account on 5 March, before the funds were available to Revolut's customer and before Revolut could see the incoming funds. I believe they received adequate warning of the fraud.

- Unfortunately Revolut's processes at the time meant this required a manual review, rather than through automated processes. This manual review started at 09:00 on 6 March. The funds had, however, been received into the fraudster's account at 08:03 and were rapidly spent.

Whilst it is not our service's role to tell banks how to manage fraud claims, it is clear here that if Revolut's processes had been as could be expected, then the funds would have been identified and stopped in time to avoid them being spent.

Ironically the fraudster would not have expected W to have used BACS processing system to make this payment. They'd have expected the payment to be immediate – and that's why they brazenly emailed again to ask why payment had not been received. It is also the BACS processing that enabled Barclays to identify this as fraud. It's therefore unfortunate that Revolut's processes were where this all fell down as it would have seemed straightforward to assume W would have got their funds back.

Putting things right

Based on what I've stated above, Revolut will need to repay the money W lost in full apart from the amount previously recovered, along with 8% simple interest from the date of the payment to the date of settlement.

My final decision

For the reasons given, my final decision is to instruct Revolut Ltd to:

- Refund £12,542.06 to W; and

- Add 8% simple interest from 6 March 2024 to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask W to accept or reject my decision before 8 September 2025.

Sandra Quinn
Ombudsman