

The complaint

Mr S complains that Revolut Ltd ('Revolut') won't refund the money he lost after falling victim to a scam.

What happened

In February 2024, Mr S found a car that he wanted to buy on an online website. The car was being sold by a company I'll refer to as Z. Mr S agreed to purchase the car for €26,700 and was asked to pay a deposit of €8,010 to secure the car prior to him viewing it in person. Mr S was told the deposit was fully refundable if he didn't go ahead with the purchase.

On 2 February 2024, Mr S converted GBP to EURO through his Revolut account and sent the payment of €8,010 to Z's account which was held outside the UK.

Mr S says that before buying the car he did a lot of research into the car he wanted, including looking at other cars available and assessing what the market value was. He says he believed that the seller was genuine because he got an invoice that looked legitimate, a large number of photos of the car, the seller was able to answer questions about the condition of the car and provide detailed answers, and he was sent a copy of the MOT. Mr S says he also looked online and found a business in the location where Z said they were based and checked the company's details.

After paying the deposit, Mr S tried to find out more about the car and put the car registration into an online search engine. This provided a link which said the car had been sold by auction in January 2024.

Mr S was concerned so he contacted Z and he also contacted Revolut asking them to stop the payment. Revolut told Mr S that the payment had already been processed and suggested that Mr S contact the seller to try and get the money back directly. The seller told Mr S that they would refund him, so Mr S asked Revolut to take no further action.

Ultimately the seller didn't return any of Mr S' money so he raised a scam claim with Revolut.

Mr S says that when he initially contacted Revolut within two hours of making the payment, they should've attempted to recover his funds and, if they had, he would've got his money back.

Revolut investigated Mr S' scam claim and contacted the beneficiary bank to try and recover Mr S' funds. Revolut say Mr S was shown a new payee warning when he set up the payment and they weren't at fault for processing Mr S' payment. Revolut received confirmation from the beneficiary bank that no funds were recovered.

Mr S wasn't happy with Revolut's response, so he brought a complaint to our service.

An investigator looked into Mr S' complaint and initially didn't uphold it. The investigator wasn't satisfied that Revolut should be held liable for Mr S' loss. Mr S disagreed and provided additional information for the investigator to consider.

In response, the investigator changed their opinion and upheld Mr S' complaint, recommending that Revolut provide a full refund and pay 8% interest on the refund.

Revolut disagreed with the investigator's opinion and raised the following points:

- We haven't fairly considered whether Mr S should share liability for his loss, considering he didn't complete due diligence before making the payment.
- We need to be more balanced in considering how the liability is shared between Revolut and Mr S.

Revolut asked for an ombudsman to review the case.

Having reviewed the case, I reached a different outcome than the investigator. So, I issued a provisional decision explaining why and giving both parties a chance to provide any further evidence they wanted to be considered before I issued a final decision.

My provisional decision

In my provisional decision I said:

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 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;
- 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); and
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

Should Revolut have identified a risk of financial harm?

Revolut say Mr S was shown a new payee warning when he set up the payment. This warning asked if Mr S trusted the payee and not to continue with the payment if he didn't.

Revolut say no other warnings were shown as the payment wasn't unusual or out of character compared to Mr S' usual account activity. Revolut highlighted payments Mr S had made of a similar size in 2020.

But, I'm not satisfied that the payment of €8,010 was in line with the usual activity on Mr S' account or that Revolut should rely on payments made several years prior in considering what "normal" activity looked like.

Prior to this payment, Mr S had made a payment for €3,000 in November 2023 and a payment of €4,050 in May 2023. But all the other activity on his account was for significantly lower payments. Considering that the payment he made in February 2024 was for €8,010, I'm satisfied that Revolut should've identified a potential risk of financial harm and intervened before processing the payment.

Would intervention by Revolut have prevented Mr S' loss?

I would've expected Revolut to ask Mr S questions about the payment in order to identify the type of scam he was most likely to be at risk of.

The closest payment purpose aligned to the car purchase was "buy goods and services", which I think is more likely than not the purpose Mr S would've chosen.

Revolut say, having chosen that payment purpose, Mr S would've been asked if he'd seen the item in person. I think it's more likely than not Mr S would've said he hadn't.

In response, Revolut say Mr S would've been shown a dynamic warning which included three different screens. These screens said:

Is the price cheaper than usual?

Scam victims are enticed into buying or renting services or products for "unrealistic prices".

Do you know the seller is legitimate?

If you don't know them personally, we suggest reading reviews or recommendations.

Have you seen any proof of ownership?

If you haven't yet, ask the seller to prove that they own the item.

If Mr S had been shown these warning screens, I think it's more likely than not that he would've been concerned and would've taken time to do additional checks before making the payment. Mr S wasn't aware of purchase scams, and this was a significant amount of money, so I think he would've been cautious.

Had Mr S done additional checks in response to the warnings, I think it's likely he would've found that the contact information for the seller he found online didn't match the invoice he'd been given. And, if he had called the seller using the details he found online, he would've realised they weren't selling the car. Also, additional searches in relation to the car would've turned up the information that Mr S found after he'd made the payment – which showed that the car had been sold by auction in January 2024 and that it was owned by an individual.

I'm satisfied that it's more likely than not that Mr S would've done additional checks in response to the warning, would've found adverse information and wouldn't have proceeded with the payment. So, Revolut could've prevented Mr S' loss and should refund him.

However, I also have to consider Mr S' actions and whether he could've mitigated his loss and should share any liability with Revolut.

Should Mr S bear any responsibility for his 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.

It's clear that Mr S did considerable research into the type of car he wanted to buy, which included assessing what the market value was.

Mr S says that the purchase price was at the low end of the spread in prices for similar cars, so it didn't stand out as being too good to be true. But he has also told us that he was concerned the car might be in poor condition based on the price, which is why he wanted to view it before deciding whether or not to purchase. As a result, he asked a lot of questions about the car and asked for a lot of pictures.

While the price wasn't too good to be true, given that it was at the low end of the range and Mr S had concerns about the condition based on the price, I'm not satisfied that Mr S did sufficient checks that the seller was legitimate. I think a reasonable person would've asked for a video or other proof of ownership before paying the deposit.

I also think if Mr S had looked more closely at the information he found online about a company with a similar name, he would've seen the contact information didn't match. And, searching based on the contact information on the invoice, doesn't provide any matches in relation to Z or a company selling cars.

So, I'm not satisfied that Mr S did reasonable checks to satisfy himself that the seller was legitimate. On that basis, I'm persuaded that it's fair for him to share responsibility for his loss with Revolut and reduce the refund by 50%.

As Mr S has been without the use of the funds, Revolut should pay simple interest of 8% per year on the refund, calculated from the date of the payment until the date of settlement.

Recovery of funds

Mr S believes that if Revolut had tried to recover the funds when he first contacted them, within two hours of making the payment, the full funds would've been recovered.

But, Mr S told Revolut not to take any further action, as the seller had offered to refund him. So, I don't think Revolut were at fault for not trying to recover the funds at that point.

Just to reassure Mr S, even if Revolut had taken action at that point, I'm not satisfied they could've recovered his funds. I say this because Mr S made the payment to an account held with an overseas bank. As overseas banks aren't subject to our rules and regulations, Revolut are reliant on the bank deciding to return the funds. And, I think it's more likely than not that the overseas bank wouldn't have returned the funds.

I realise that Mr S will be disappointed in not being fully refunded and feels that because Revolut didn't do enough to protect him that they should be held fully liable. But, for the reasons given above, I'm satisfied that it's fair for Revolut to refund 50% of Mr S' loss.

My provisional decision was that I intended to uphold this complaint and ask Revolut Ltd to compensate Mr S as set out above.

Responses to my provisional decision

Mr S responded to my provisional decision saying he doesn't feel that a deduction is fair. He raised a number of points which included:

- He had carried out sufficient checks by getting a number of high-quality photos of the car, the immatriculation (registration) document, and specific information/detail about the condition of the car.
- The car not being owned in the name of Z is common practice, as registering a car company as owner, increases the number of owners listed and affects the value of the car.
- Mr S has never heard of a car purchaser asking for a video of the car.
- Mr S looked for Z online and found the area had large garages that could house cars consistent with a vehicle sales business.
- Z was listed in various directories at the address on the invoice.
- The payment was unusual and out of character, especially as similar sized payments were to Mr S' own accounts – not to a different payee.
- Revolut should've identified that Mr S was most likely the victim of a scam and raised a scam claim, rather than suggesting that he contact the seller to try and recover the funds. If they had, Mr S' funds could've been recovered.

Mr S says he has had to spend a lot of time and effort in trying to get a fair outcome and Revolut should've been more reasonable at the outset.

Revolut replied saying they had nothing further to add.

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.

I have carefully considered all of the points that Mr S has raised, but I've reached the same answer as I did in my provisional decision. I'll explain why.

I agree with Mr S that the payment of €8,010 was unusual and out of character for his account. And, in response, I would've expected Revolut to ask Mr S the reason for the payment, so they could provide a warning tailored to his payment purpose. I think it's more likely than not Mr S would've said he was buying goods or services and that the warning Revolut would've shown based on this payment purpose would've resonated with Mr S and prevented his loss. But just because Revolut should've intervened and didn't, doesn't mean that Mr S is entitled to a full refund.

I have to also consider whether Mr S should've taken steps to mitigate his loss. In this case, I'm satisfied that it's fair for Mr S to share responsibility for his loss with Revolut because:

- While Mr S was given a lot of high-quality pictures and details or specifics about the condition of the car, this doesn't show that Z had any legal right to sell the car or had the car in their possession.
- Mr S says that he received the immatriculation (registration) document, which confirms that the vehicle is registered in Spain. However, proof of ownership would require the permit for circulation or permiso de circulacion (POC), which is mandatory to be carried in the car. While the ownership name on the POC might not have been Z's, I would expect Mr S to have asked to see this document to ensure that Z was legally able to sell it.
- I appreciate that the company number on the invoice Mr S received from Z, matched the company number for a genuine registered company of that name. But none of

their contact information matched that of the genuine company. When looking online using the contact information on the invoice Mr S had, no companies, websites or car sellers come up. I'm not satisfied that simply finding a company with the same name and company registration number was sufficient to tie the sale to the genuine company.

As Mr S did have concerns about the price of the car being at the low end of the price range, I think he should reasonably have taken additional steps to ensure that the seller genuinely had the vehicle in their possession and could sell it. Even if Mr S wasn't aware of the POC, I'm still not satisfied that he obtained enough information to show that Z owned or had the car in their possession.

I appreciate that Mr S believes he did sufficient checks, but I'm not persuaded he has, taking all of the above points into consideration as a whole.

On that basis, I'm satisfied that it's fair to reduce his refund by 50%.

I'm really sorry that Mr S has fallen victim to this scam and understand the serious impact that this will have had on him. I also understand that Mr S has found the process of trying to recover his funds to be difficult and he may feel that Revolut should've offered a refund upfront. But Revolut weren't required to provide a refund upfront, and I'm not satisfied that they acted unreasonably in declining Mr S' fraud claim. So, I can't fairly say that Revolut have done anything wrong.

I have also considered Mr S' point regarding recovery of funds. But, even if I agreed that Revolut should've raised a fraud claim earlier, I think it's more likely than not that Mr S' funds wouldn't have been returned by the beneficiary bank.

Scammers often move money within minutes of it being received into the account. Also, overseas banks aren't required to return funds when a request is sent by a UK bank or EMI – as they aren't covered by the UK regulations or laws. And it's rare that funds are recovered in this type of situation.

For the reasons given in my provisional decision, I don't agree that Revolut should've raised a scam claim when Mr S first contacted them, or that they acted unreasonably in suggesting he contact the seller to try and recover the funds in the first instance. As I think it's unlikely a recovery attempt through the beneficiary bank would have been successful.

In summary – Revolut should refund 50% of the payment Mr S made and pay interest on that refund at 8% simple interest, as Mr S has been deprived of the use of those funds.

Putting things right

To put things right, I require Revolut Ltd to:

- Refund 50% of Mr S' loss of €8,010, using the conversion rate applicable at the date of the original payment.
- Pay simple interest of 8% per year on the refund, calculated from the date of the payment until the date of settlement.*

*If Revolut considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr S how much it's taken off. It should also give Mr S a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

My final decision is that I uphold this complaint and require Revolut Ltd to compensate Mr S as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 23 May 2025.

Lisa Lowe
Ombudsman