

The complaint

Mr S complains that Revolut Ltd ('Revolut') hasn't refunded the money he lost after he fell victim to an authorised push payment ('APP') scam.

What happened

The circumstances of the complaint are well-known to both parties, so I don't intend to set these out in detail here. But I'll provide a brief summary of what's happened.

In June 2023, Mr S received a call from a third party ('the scammer') who said they were calling from Mr S's bank – which I'll refer to as 'Bank M'. The scammer said Mr S's account had been compromised by fraudsters. On the understanding that he was protecting himself from fraud, Mr S was persuaded to follow the scammer's instructions, which included:

- opening an electronic money ('e-money') account with Revolut;
- taking out a £7,000 personal loan and a £2,000 overdraft with Bank M;
- transferring £4,500 from his account with another bank – which I'll refer to as 'Bank B' – to his account with Bank M;
- transferring £11,235 to Revolut from his accounts with Bank M and Bank B;
- sending £11,235 to two beneficiaries from his Revolut account; and
- sending £2,300 from his account with Bank M to a third beneficiary.

In total, Mr S lost £13,535. After discovering he'd been the victim of a scam, Mr S reported the situation to the firms involved.

Bank B reimbursed the funds it sent to Bank M, totalling £4,500. Bank M reimbursed the £2,300 Mr S had sent to the third beneficiary. However, Revolut refused to reimburse any of the scam payments Mr S made from his Revolut account. Unhappy with Revolut's response, Mr S made a complaint.

Revolut said it wasn't responsible for refunding Mr S's outstanding loss because it had processed transactions he had authorised it to make, it had shown Mr S warnings during the scam – which he ignored, and it had attempted to recover his funds from the beneficiary firm. Revolut also pointed out that Mr S opened the Revolut account whilst he was being scammed. So, it was a brand-new account and as a result, Revolut didn't have any previous transactions to compare the scam payments with.

Unhappy with Revolut's response, Mr S referred his complaint to this service. Our Investigator upheld Mr S's complaint. They thought Revolut reasonably ought to have done more to protect Mr S in the circumstances and recommended Revolut refund £9,000 to Mr S, plus interest.

Revolut didn't agree. It said Mr S ignored multiple red flags during the scam that reasonably ought to have resulted in Mr S questioning the implausible instructions he was given. Revolut reiterated that Mr S had also ignored written warnings and that when asked about the payment purpose, he'd repeatedly selected incorrect answers.

As an agreement couldn't be reached, the complaint was passed to me to decide. I reached a different outcome to our Investigator and so I issued a provisional decision. In summary, I said:

- Mr S had lost £13,535, but had already been refunded a total of £6,800, meaning his outstanding loss is £6,735;
- Revolut couldn't reasonably have been expected to have prevented the first three scam payments, totaling £2,710;
- Revolut could've prevented the fourth scam payment and so it could fairly be held responsible for refunding the remaining loss from that payment onwards, totaling £4,025; and
- Revolut needed to pay 8% simple interest per annum on the refund from the date the payments debited Mr S's Revolut account until the date of settlement.

Revolut responded to say it had no further comments to make. However, Mr S made the following points:

- at the time he was scammed, he was vulnerable and wasn't thinking clearly;
- Revolut should've prevented him from sending a large amount of money within minutes of opening the account;
- the recommended refund wasn't enough to repay the loan, meaning he remained out of pocket;
- he was contractually required to pay £2,171.71 interest on top of the loan with Bank M and the 8% simple interest per annum I recommended wasn't enough to cover this additional loss, leaving him further out of pocket; and
- he has been suffering with the financial burden of having to repay the loan for almost two years.

Following my provisional decision about Revolut, Bank M agreed to waive the remaining interest on the loan and refund any interest that had already been paid by Mr S. However, Mr S was still unhappy that he was being held responsible for the £2,710 loss caused by the first three scam payments.

As an agreement still couldn't be reached, I'm now issuing 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 and after taking Mr S's reply to my provisional decision into consideration, I see no reason to depart from my provisional findings. I'm sure this will be disappointing for Mr S, so I'll explain why below. First, I'll reiterate my provisional findings.

"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 a different outcome to our Investigator.

In deciding what's 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, 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.

Here, it's not in dispute that Mr S made the scam payments from his Revolut account. So, the payments were authorised and under the Payment Services Regulations, the starting position here is that Mr S is responsible for the payments (and the subsequent loss) despite the payments being made as a result of a scam.

However, that isn't the end of the story. Good industry practice required Revolut to be on the lookout for account activity or payments that were unusual or out of character to the extent that they might indicate a fraud risk. On spotting such a payment, I'd expect it to take steps to warn the customer about the risks of proceeding.

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

Revolut has argued that the scam took place on the same day that Mr S's Revolut account was opened. As a result, Revolut didn't have any previous transactions to compare the scam payments to. However, Revolut did have some information available to it, which would've allowed it to assess the risks involved in the transactions Mr S was making. So, I'm not persuaded Revolut couldn't have identified that Mr S was falling victim to a scam because the account was brand-new.

The first two scam payments Mr S made from his Revolut account were for £100 and £200. I'm not persuaded those payments were so remarkable that they demonstrated a risk of financial harm that reasonably ought to have given Revolut cause for concern. As a result, I don't think Revolut can fairly be held responsible for the loss caused by these payments.

The third scam payment was for £2,410. It was Mr S's third payment to a newly created payee in less than seven minutes, from an account that had been opened earlier that day. Each payment to that beneficiary was larger than the previous payment and the third payment was over ten times more than the previous payment. Whilst there were some concerning elements of this payment, I still don't think a suspicious pattern, which was indicative of fraud, had emerged which would've required Revolut to intervene.

However, Mr S made another payment to the same beneficiary, this time for £900, just five minutes later. Although the value had decreased from the previous payment, it was the fourth payment, from a brand-new account to the same beneficiary within

less than 13 minutes, taking the total sent to £3,610. Furthermore, Mr S had topped up his account eight times in a 25-minute period and had been immediately moving the funds on to a third party.

By the time the fourth scam payment was made, I think a suspicious pattern, indicative of a bank impersonation ('safe account') scam, had emerged and Revolut reasonably ought to have had concerns that Mr S was at risk of financial harm from fraud.

What did Revolut do to warn Mr S?

When Mr S made the first scam payment, Revolut showed him a warning, which said:

"Review transfer

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."

This warning was very generic and didn't bring to life what a safe account scam looks like in practice. It did point out that fraudsters can impersonate others, but it didn't explain how. Mr S also thought he could trust the scammer (for reasons I'll explain later) and so I don't think this warning would've resonated with him at the time he made the payment.

When Mr S made the second scam payment, Revolut asked him to confirm the purpose of the payment. Mr S chose "Payment for Goods and Services" and was shown scam warnings relevant to that purpose. Again, I wouldn't have expected these warnings to have resonated with Mr S at the time, as the warnings weren't specific to his circumstances, albeit because he'd selected the wrong payment purpose.

When making the third and fourth scam payments, Mr S was shown some scam warnings. These warnings were generic and weren't specific to Mr S's circumstances at the time. There was insufficient detail in those warnings to expect Mr S to have reasonably thought they applied to him at the time.

After the scam warnings were provided, Mr S was asked to confirm the payment purpose. For both payments, he again chose "Payment for Goods and Services" and received some additional advice on how to avoid scams relating to the purchase of goods and services. I don't think the warnings ought to have resonated with Mr S, as they were targeted towards a different type of scam.

What kind of warning should Revolut have provided?

Given the circumstances, I don't think the payment purpose Mr S chose matched the activity on the account. As I've explained above, I think there were several hallmarks of a safe account scam (such as opening a new account, making multiple low value top ups in quick succession and then immediately moving funds to a third party) and Revolut ought to have satisfied itself that the fourth scam payment was being made for a genuine reason before processing it.

Having thought carefully about the risk the fourth scam payment presented, I think a proportionate response to that risk would be for Revolut to have attempted to establish the circumstances surrounding the payment before allowing it to debit Mr S's account. I think it should have done this through human intervention, for example, directing Mr S to its in-app chat function to discuss the payment further.

If Revolut had provided a warning of the type described, would that have prevented the losses Mr S suffered from the fourth scam payment onwards?

If Mr S had told Revolut he had been asked to move funds from his accounts with Bank M and Bank B, because those accounts had been compromised, it would've been immediately clear to Revolut that Mr S was falling victim to a safe account scam. In those circumstances, I think a clear and specific warning about safe account scams and how they look in practice would've been enough to stop Mr S going ahead with the fourth scam payment and the subsequent loss could've been avoided. So, I've considered whether Mr S would've revealed that he was being asked to move money to protect his funds.

Bank B has confirmed that it didn't speak to Mr S when he moved funds to Revolut or to Bank M. It also didn't provide him with any scam warnings.

When Mr S moved funds from Bank M to Revolut, Bank M didn't speak to him either or ask any questions about what he was doing. However, there were occasions where it showed him warnings, one of which was about safe account scams, but this warning wasn't enough to prevent Mr S from continuing to send funds to the scammer.

I can't say for certain what would've happened if Revolut had questioned the fourth scam payment – and that's because Revolut didn't ask questions beyond what the purpose of the payment was. I accept it's possible that the scammer would've been able to persuade Mr S to provide incorrect information about what he was doing. It's also possible that Mr S would've answered truthfully or that any incorrect answers wouldn't have stood up to scrutiny from Revolut, which would've revealed the scam. When I can't say for certain what would've happened, I must consider whether the available evidence shows that it was more likely than not that Mr S would've acted differently.

When making 12 of the scam payments from Revolut, Mr S was asked to confirm a purpose for the payments. Each time, Mr S answered incorrectly that he was making a "Payment for Goods and Services". So, it's possible that Mr S was being coached by the scammer on how to answer, to ensure the scam went undetected. However, I'm not persuaded that this is compelling evidence to demonstrate that if Mr S was asked proportionate questions about what he was doing – through human intervention – that he wouldn't have been honest.

Mr S was taking action which he believed was to protect his money from fraud. In the circumstances, had Revolut clearly explained what safe account scams look like in practice and drawn comparisons to what Mr S was doing, I think this would've been enough to give Mr S concerns about what he was being asked to do. Had Mr S been prompted to check with Bank M – over the phone or via its in-app chat function – I think he would, more likely than not, have done so, to check he wasn't being scammed. If that had happened, Bank M would've been able to confirm that Mr S was speaking to a scammer and that Bank M hadn't asked him to move his money, which would've prevented any further loss to Mr S.

I'm satisfied that human intervention from Revolut would, more likely than not, have identified the scam from the fourth scam payment onwards. I'm persuaded this would've prevented Mr S's subsequent payments and so Revolut can fairly and reasonably be held responsible for Mr S's loss from the fourth scam payment onwards.

Should Mr S bear any responsibility for his losses?

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. Revolut has argued that Mr S wasn't given a plausible explanation for having to apply for a loan and an overdraft with Bank M, or why he needed to transfer funds from Bank B and Bank M into his Revolut account, before sending the funds on to beneficiary accounts held with a different firm. As a result, Revolut thinks Mr S should be held responsible for the loss he's suffered.

Prior to the scam taking place, Mr S received a text message, which he thought had been sent by his broadband provider. Believing the message to be genuine, he clicked on a link and provided some information, including his email address, the password for his broadband account (which was the same password for his Bank M account) and his Bank M debit card details (long card number, expiry date and CVV). Unbeknownst to Mr S at the time, he was actually providing this information to the scammer.

This information allowed the scammer to attempt an unauthorised payment using Mr S's account with Bank M, which was declined. They were also able to login to Mr S's account with Bank M from another device (evidence of which has been provided) and review Mr S's account activity. So, when the scammer called Mr S and said they were calling from Bank M, they knew Mr S's personal information and confirmed some genuine transactions to him. The scammer was able to use the declined payment and unauthorised login to demonstrate to Mr S that his Bank M account had been compromised.

I think all this information would've been extremely persuasive to Mr S that he was speaking to a genuine member of staff at Bank M. As a result, I think it was reasonable for Mr S to believe what he was being asked to do, on the understanding that the action he was taking was to keep his funds secure.

Whilst the reasons for doing what he did might seem suspicious to a lay person, I think the scam was so sophisticated that I don't think Mr S was acting unreasonably by following the scammer's instructions. So, I'm not persuaded that Mr S has been contributorily negligent here, or that he should share responsibility with Revolut for his loss.

Could Revolut have recovered any of Mr S's loss?

Revolut said it contacted the beneficiary firm (the firm that received Mr S's scam payments from Revolut) to see if any of Mr S's funds remained which could be returned to him. Unfortunately, the beneficiary firm didn't respond.

However, Mr S contacted Revolut 12 days after the scam happened. As a result, it's more likely than not that any of Mr S's funds would've already been withdrawn from the beneficiary accounts by the time Mr S reported the scam to Revolut. So, I'm satisfied Revolut couldn't have recovered any of the funds Mr S lost via his Revolut account.

Putting things right

Mr S's total loss was £13,535. Bank M refunded £2,300 and Bank B refunded £4,500. As a result, Mr S's outstanding loss is £6,735.

I don't find that Revolut could've prevented the first three payments, totalling £2,710. So, I'm not persuaded Revolut needs to reimburse those payments.

However, I'm satisfied Revolut could've prevented the fourth scam payment and to resolve the complaint, Revolut should refund Mr S's loss from (and including) scam payment four – less the funds that have already been refunded by Bank M and Bank B – which is £4,025.

Revolut should also pay 8% simple interest per annum on the refund, from the date the payments debited Mr S's Revolut account until the date of settlement."

I appreciate Mr S says that he was vulnerable to falling victim to the scam at the time, because he was mentally and physically exhausted, after taking part in a military exercise through work. Whilst this may have impacted Mr S's decision making at the time, Revolut wasn't aware of Mr S's situation and as a result, there were no additional measures in place which Revolut failed to adhere to, which could've stopped the scam. As a result, I can't fairly ask Revolut to refund Mr S's full outstanding loss because he was vulnerable at the time. I can only ask Revolut to refund the outstanding loss that it reasonably could've prevented.

I think Revolut could've done more to protect Mr S from fraud. However, I would've only expected Revolut to have become concerned enough to intervene at payment four, meaning Mr S needs to take responsibility for the loss caused by the first three scam payments, totalling £2,710. As explained in my provisional decision, I don't think the first three scam payments were so unusual that they demonstrated a fraud risk to Revolut. So, I wouldn't have reasonably expected Revolut to have intervened and asked Mr S any questions about those payments before they were approved. As a result, I can't hold Revolut responsible for the loss caused by those payments.

The fourth scam payment did demonstrate a fraud risk to Revolut and it should've done more to understand why that payment was being made *before* approving it. I'm satisfied that human intervention would, more likely than not, have identified the scam, which is why Revolut can be held responsible for the outstanding loss from that payment onwards, which totals £4,025.

Whilst the redress I've recommended leaves Mr S out of pocket, this is because Revolut can only be fairly held responsible for the outstanding loss caused from the fourth scam payment onwards, as that's when it could've identified the scam and prevented any further loss to Mr S. I don't find that Revolut can be held responsible for the loss caused by the first three scam payments, which is why Mr S is having to take full responsibility for part of his outstanding loss.

Bank M has agreed to waive future interest on the loan and refund any interest already paid by Mr S, meaning he is only liable to repay the funds he has borrowed. However, Mr S lost £4,025 when the scam happened which Revolut could've prevented. As a result, Mr S has been deprived of the use of those funds and so it's fair that Revolut pays interest on the refund, from the date the payments debited Mr S's account until the date of settlement. As the loan interest has been removed by Bank M, I'm satisfied that 8% simple interest per annum is a fair rate of interest in recognition of the time Mr S has been without his funds.

I appreciate that Mr S fell victim to the scam almost two years ago and that since then he has been repaying the loan with Bank M and I'm sure this has been distressing for him. However, I'm mindful that Mr S has been in this position as a result of the actions of the scammer and, it would be unfair to hold Revolut responsible for the distress and inconvenience Mr S has suffered due to a third party. I'm satisfied that the redress I've recommended puts Mr S in the financial position he should've been in had Revolut partially upheld his scam claim when it was made and that it doesn't need to pay any further compensation to him to resolve the complaint.

Putting things right

To resolve the complaint, Revolut should:

- refund Mr S £4,025; and
- pay 8% simple interest per annum on the refund, from the date the payments debited his account until the date of settlement.

My final decision

For the reasons explained above and in my provisional decision, my final decision is that I uphold this complaint in part.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 9 June 2025.

Liam Davies
Ombudsman