

The complaint

Mr H is being represented by solicitors. He's complaining about Revolut Ltd because it declined to refund money he lost as a result of fraud.

What happened

Sadly, Mr H fell victim to a safe account scam. At 19.14 on 15 January 2024, shortly after transferring the same amount from his bank to Revolut, he transferred £19,000 from his Revolut account to an account controlled by the scammers. At 19.37, Mr H attempted to transfer a further £2,700 but this was cancelled after he spoke to a Revolut agent via its in-app chat. Revolut tried to recover the money but only £29.74 was successfully returned.

A couple of days before this, Mr H says he received an email from a courier about a missing delivery and clicked on the link provided and inputted the requested details. Then on 15 January, he was contacted by the scammer who claimed to be from his bank saying his accounts were compromised and he needed to transfer his money to a safe account. Apparently, the caller said he was working in partnership with the Financial Conduct Authority (FCA) and provided a fake reference number to make this appear genuine. He also said the fact he was working with the FCA meant he could also help Mr H secure his Revolut account.

Mr H was then advised to transfer money from his bank account to Revolut and then onto an account controlled by the scammer and set up in the name of a building firm. Mr H says he was told the account name was auto-generated and that it wasn't set up in his own name in case it also became compromised but that it would be renamed in his name when the process of securing his funds was complete. During this process, Mr H also received at least one email purporting to be from a manager at the bank telling him about the importance of co-operating with his colleague (the scammer).

My provisional decision

After the complaint was referred to me, I issued my provisional decision setting out why I thought it should be upheld. My reasons were as follows:

In this case there's no dispute that Mr H authorised the above payment. 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 January 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;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- 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;
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving and the different risks these can present to consumers, when deciding whether to intervene.

Taking these points into account, I need to decide whether Revolut acted fairly and reasonably in its dealings with Mr H.

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

I understand one of the key features of a Revolut account is that it facilitates payments that often involve large amounts and that many similar instructions received by Revolut will be entirely genuine. But considering what it knew about the payment of £19,000 at the time it received Mr H's instruction, I think it should have identified he may be at risk of harm from fraud.

Mr H had held his account with Revolut since 2019 and I can't see that he'd ever made a payment for more than £2,000 previously. So a payment for £19,000 to a new payee was very much out of character with previous account activity and I believe Revolut should have picked up on this. I think it's also relevant that the payment was instructed less than an hour after Mr H had transferred the same amount into his account, a pattern that consistent with many known types of scam.

What did Revolut do to warn Mr H?

Because the payment of £19,000 was going to a new payee, Revolut says it showed Mr H a screen asking if he knew and trusted the payee. When he said he wanted to proceed with the payment, he was then shown a screen headed 'Risky transfer detected' and asked to provide a selfie to verify his identity. Once he'd done that, the payment was processed.

When Mr H tried to make the second payment, Revolut decided to hold it until he completed a questionnaire. When answering these questions, Mr H confirmed that he understood scammers may tell him to lie and that he wasn't being assisted with his answers. When asked about the purpose of the payment, he said he was paying friends and family, that he'd bought something from them, had paid them before and that they'd provided their bank details face-to-face.

Revolut then says it showed Mr H screens displaying educational stories about fraud and scams before directing him to its in-app chat. A history of this conversation has been provided.

The chat began at 19.40, with Revolut's agent saying the payment had been paused to protect Mr H from a potential scam. And that based on his answers to the

questionnaire, there was a high chance his money might be at risk if he went ahead with the payment. He was then asked to provide further details about the payment.

Mr H responded by saying that he'd been contacted by people saying they were from his bank's fraud prevention team working with the FCA and that his accounts had been compromised. He closed by saying 'I really hope I'm not being scammed'.

Revolut's agent then said he appreciated the information and asked if Mr H still wanted to proceed with the payment. Mr H said he wasn't sure yet and the agent told him the payment was still pending and he should let Revolut know if he wanted to go ahead. As outlined above, the payment didn't proceed as a result of this intervention.

What kind of warning should Revolut have provided?

Having thought carefully about the risk presented by the initial payment of £19,000, I think a proportionate response to that risk would have been for Revolut to have attempted to establish the circumstances surrounding the payment before allowing it to debit Mr H's account. To achieve this, I think it should have directed him to its in-app chat to discuss the payment further, much as it did with the second attempted payment shortly after.

If Revolut had intervened as I've described, would that have prevented Mr H's losses?

Having thought about this point carefully it's my view that, on balance, a proportionate intervention prior to the first payment of £19,000 would likely have led to the scam being uncovered and the payment prevented. In reaching this conclusion, I took into account that Mr H wasn't accurate with some of his answers to the in-app questions asked in connection with the second attempted payment. But when the agent asked him about the payment in the chat, he immediately explained what was going on. The first payment was instructed less than 30 minutes earlier and I don't think it's likely he'd have been any less honest with an agent at that time.

I have to say I'm very disappointed by the agent's response when Mr H did explain what was going on. The circumstances he outlined bore all the hallmarks of a safe account scam. In the circumstances, I would have expected an appropriately skilled agent to identify that and explain to Mr H that he was almost certainly falling victim to a scam. Instead, the agent simply thanked him for the information and asked him if he still wanted to proceed. Despite this inadequate response, it seems this interaction was sufficient to stop Mr H from going ahead with the payment. And, on balance, I think a similar intervention around 30 minutes earlier would most likely have been sufficient to stop the payment of £19,000 also.

What about the actions of Mr H's bank?

This was a multi-stage fraud that saw Mr H move money from his bank to Revolut and then onto the scammer. This complaint is about Revolut and it's not appropriate for me to comment here on whether or not the bank should have identified he was at risk of harm from fraud and whether it reacted proportionately. But to obtain a full picture of what took place, we have contacted Mr H's bank to establish if it attempted any kind of intervention before transferring his money to Revolut.

In response, Mr H's bank told us that he had transferred money to Revolut previously and the payment on 15 January wasn't viewed as suspicious, meaning it didn't

intervene in the payment journey. It also confirmed that Mr H has not made a complaint about its role in what took place.

On balance, I don't think there was any intervention by Mr H's bank that should have alerted him to the fact he was speaking to a scammer or that changes my views about how Revolut should have dealt with this situation and whether he acted reasonably in the circumstances with which he was faced.

Is it fair and reasonable for Revolut to be held responsible for some of Mr H's loss?

In reaching my decision about what's fair and reasonable, I have taken into account that Mr H's bank was involved in the overall process that ended up with a payment being made to the scammers, and that Mr H might potentially have a claim against it in respect of its actions (although the bank is not party to this complaint and so I make no finding about its role here).

Whilst the dispute resolution rules (DISP) give me the power (but do not compel me) to require a financial business to pay a proportion of an award in circumstances where a consumer has made complaints against more than one financial business about connected circumstances, Mr H hasn't referred a complaint about any other business to me and DISP does not empower me to instruct him to make or refer a complaint to me about another business.

Should Mr H bear any responsibility for his losses?

I've also considered whether it would be fair and reasonable for Mr H to bear some responsibility for his loss and this is where my assessment differs from that of the investigator.

In setting out its view that Mr H was negligent, Revolut has referred to his occupational background. But I've seen nothing to indicate he was experienced in the area of banking fraud and scams and I'm satisfied he should be treated as a layman in respect of this complaint.

This notwithstanding and with the benefit of hindsight, it's clear Mr H made some unwise decisions while he was engaging with the scammer and that he missed some signs that may now make it appear obvious the contact wasn't legitimate. But I think a conclusion that he was negligent and should also bear some responsibility for his loss doesn't take sufficient account of the context in which the payment was made.

The scammer appears to have employed tactics that were designed to create a sense of urgency and panic in Mr H. By making him believe his money was in danger if he didn't act promptly and keeping him on the phone while he instructed payment, the scammer was attempting to get Mr H to do things in the heat of the moment that he wouldn't normally do if he had time to reflect on what was being asked of him and wasn't in fear of losing his money. The scammer presumably employed this approach because he knew it worked and the number of cases we (and presumably Revolut) see where people are scammed using similar tactics is evidence of that.

As I've said, I accept Mr H made some unwise decisions and missed some signs that should have revealed he was being scammed, but I don't find that he displayed 'a high degree of negligence' as Revolut has suggested. Instead, I think he fell victim to a sophisticated scam that was designed to deceive and manipulate him. And in the heat of the moment, when he thought his money was at risk, I can see how he was

taken in by the scammer's elaborate story and I think it's understandable that he followed instructions he thought were intended to protect him.

Taking these points into account, I don't currently think it's appropriate to hold Mr H responsible for any part of his loss or that there should be a deduction from the redress payable.

In conclusion

For the reasons I've explained, I don't think Revolut acted fairly and reasonably in its dealings with Mr H and I'm proposing upholding his complaint.

The responses to my provisional decision

Mr H accepted my provisional decision. Revolut confirmed receipt of it but made no further submissions.

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.

As neither party has made any further submissions, my findings haven't changed from those I set out previously.

Putting things right

The principal aim of any award I make must be to return Mr H to the position he'd now be in but for the errors or inappropriate actions of Revolut. If Revolut had carried out an appropriate intervention as I've described, I'm satisfied the scam would have been stopped and Mr H would have retained the money that was lost.

To put things right, Revolut should pay Mr H compensation of C + D, where:

- A = £19,000, representing the payment to the scam on 15 January 2024;
- B = the amount of £29.74 that was successfully recovered;
- C = A – B; and
- D = simple interest on the amount being refunded in C at 8% per year from 15 January 2024 to the date compensation is paid.

Interest is intended to compensate Mr H for the period he was unable to use this money. HM Revenue & Customs (HMRC) requires Revolut to deduct tax from any interest. It must provide Mr H with a certificate showing how much tax has been deducted if he asks for one.

I'm satisfied this represents a fair and reasonable settlement of this complaint.

My final decision

My final decision is that I uphold this complaint. Subject to Mr H's acceptance, Revolut Ltd should now put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or

reject my decision before 12 June 2025.

James Biles
Ombudsman