

The complaint

Mr B complains that Revolut Ltd won't refund money he lost when he was a victim of an impersonation scam.

Mr B is being represented, however for ease I'll refer to Mr B throughout my decision.

What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

On 1 April 2022, Mr B received a telephone call from a person, that we now know to be a scammer, that introduced themselves as working for His Majesty's Revenue and Customs ('HMRC'). The scammer advised Mr B that the HMRC system had flagged up that he had been avoiding taxes from the small business he owns and that he could be potentially committing tax fraud. The scammer advised Mr B to go onto the HMRC website and, using his name and the number he was calling from, carry out checks to verify that he was in fact speaking with HMRC, which he did.

The scammer kept telling Mr B if he failed to cooperate, he could potentially go to jail and have all his funds frozen. The scammer advised that, once the funds were paid into the bank accounts provided, HMRC would review them and investigate the missing tax calculation. And providing the funds were legitimate, he would receive a refund.

As a result, Mr B has said he moved all of his funds from his accounts he held with other banks – which I'll refer to as 'N' and 'H' to his account with Revolut, and then subsequently, he made the following payments to the scam:

Date and time	Time	Transaction type	Payee	Amount
1 April 2022	13:28	Fund transfer	'MH'	£1,763
1 April 2022	14:02	Fund transfer	'SS'	£3,222.71
1 April 2022	14:34	Fund transfer	'SS'	£2,000
1 April 2022	15:38	Fund transfer	'SS'	£2,000
1 April 2022	15:47	Fund transfer	'SS'	£2,000
1 April 2022	15:55	Fund transfer	'SS'	£1,000
1 April 2022	16:48	Fund transfer	'SS'	£3,000
1 April 2022	16:59	Fund transfer	'SS'	£2,000
			Total:	£16,985.71

Mr B realised he'd been a victim of a scam and contacted Revolut to report the scam the following day on 2 April 2022, 13 hours later as mentioned by Revolut in their final response letter. On 21 April 2022, Revolut informed Mr B that no funds were available to retrieve, however, they told our service they were able to recover 14.83 GBP, but I've not seen evidence to show any funds were recovered.

On 24 August 2023, Mr B registered a formal complaint to Revolut saying the payments

were made as part of a scam, in short, he said:

- The scammer called him from a telephone number associated with HMRC to provide their legitimacy. He checked this online and found the telephone number was used by the HMRC. Unaware of sophisticated spoofing techniques used by scammers he thought it was genuine.
- He noted the professional tone of the scammer and had no reason to question their authenticity.
- He was in a pressurised situation heightened by the threat of court action, especially the prospect of potentially going to prison. And he was convinced by the scammer due to the successful spoofing of a genuine contact number and putting forward a reasonable story – which, in the heat of the moment, convinced him nothing was amiss.
- Given the frequency of the payments being sent to new and unusual payees, it is expected that Revolut would have effectivity intervened and contacted him to discuss them further, especially as he made eight payments to two new payees totalling £16,985.71 in one day.
- If Revolut had contacted him to have discussed the payments, then basic questioning surrounding the transactions would've established the funds were being moved for HMRC security reasons. This would've immediately been recognised as an impersonation scam, and they could have prevented it from escalating further.
- To settle this complaint, he would accept full reimbursement of his losses, 8% interest and £300 compensation.

Revolut investigated the complaint but didn't uphold it. It didn't think it had done anything wrong by allowing the payments to go through. Revolut said their systems did detect Mr B was making payments to new beneficiaries, and informed Mr B that the name he had inputted on the beneficiary field did not match the account holder details he provided.

Revolut also asked Mr B to acknowledge their warnings before continuing with the transfers, which Mr B did. And it explained that when their systems detected Mr B was making a payment to a newly added beneficiary was suspicious, they put the payment on hold, and sent Mr B a questionnaire, which asked him about the purpose of the payment. They also showed him options to read more about scams, to cancel the payment – or to proceed with the transfer. Mr B chose to proceed with the payment.

Revolut said they provided Mr B with sufficient scam warnings before processing the payments, as a result, they would not be refunding the amounts he had lost.

Mr B's complaint was referred to our service. Our Investigator didn't, however, think Revolut had to do anything further. He said he didn't think payments 1-3 were particularly unusual or suspicious in appearance to Revolut considering Mr B's normal account activity. The Investigator did think by payment four, which was a third consecutive payment being made to the same payee in quick succession, Revolut should have intervened. But the Investigator was not persuaded that any intervention would have made a difference as Mr B was being coached by the scammer and convinced him to mislead 'N', so the Investigator felt any intervention from Revolut would've resulted in Mr B referring to the scammer who would've guided him how to respond, so any intervention would not have been effective. The Investigator also felt Revolut acted without any unnecessary delays when the scam was

reported to help try and recover the funds for Mr B, as a result he would not be asking Revolut to do anything else.

Mr B disagreed and asked for his complaint to be reviewed by an Ombudsman. In short, he added:

- The level of coaching was only for 'N' and as they did not intervene there is no degree of certainty that he would've stuck to the script given, and even if he did, he questioned if this is something 'N' would have believed anyway.
- The value of the payments was enough to expect Revolut to ask probing questions and not just take his responses at face value as they know scammers often coach their victims.
- There is no reason to send seven transactions, totaling £15,222.71, to a new payee in one day, so any intervention would not have satisfied Revolut to release the payments.

The matter was passed to me to decide. I issued a provisional decision on 25 April 2025, and I said:

"In deciding what's fair and reasonable, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and 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 them to make, in accordance with the PSR (in this case the 2017 regulations) and the terms and conditions of the customer's account.

And, as the Supreme Court has recently reiterated in Philipp v Barclays Bank UK PLC, subject to some limited exceptions banks have a contractual duty to make payments in compliance with the customer's instructions. In that case, the Supreme Court considered the nature and extent of the contractual duties owed by banks to their customers when making payments. Among other things, it said, in summary:

- *The starting position is that it is an implied term of any current account contract that, where a customer has authorised and instructed a bank to make a payment, they must carry out the instruction promptly. It is not for the bank to concern itself with the wisdom or risk of its customer's payment decisions.*
- *At paragraph 114 of the judgment the court noted that express terms of the current account contract may modify or alter that position. In Philipp, the contract permitted Barclays not to follow their consumer's instructions where they reasonably believed the payment instruction was the result of APP fraud; but the court said having the right to decline to carry out an instruction was not the same as being under a legal duty to do so.*

In this case, the terms of Revolut's contract with Mr B modified the starting position described in Philipp, by expressly requiring Revolut to refuse or delay a payment "if legal or regulatory requirements prevent us from making the payment or mean that we need to carry out further checks".

So Revolut was required by the implied terms of their contract with Mr B and the PSR to carry out the instructions promptly, except in the circumstances set out in their contract, which included where regulatory requirements meant they needed to carry out further checks.

Whether or not Revolut was required to refuse or delay a payment for one of the reasons set out in their contract, the basic implied requirement to carry out an instruction promptly did not in any event mean Revolut was required to carry out the payments immediately. Revolut could comply with the requirement to carry out payments promptly while still giving fraud warnings, or making further enquiries, prior to making the payment.

And, I am satisfied that, taking into account longstanding regulatory expectations and requirements and what I consider to have been good industry practice at the time, Revolut should in April 2022 fairly and reasonably have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances (irrespective of whether they were also required by the express terms of their contract to do so).

In reaching the view that Revolut should have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances, I am mindful that in practice all banks and EMI's like Revolut do in fact seek to take those steps, often by:

- using algorithms to identify transactions presenting an increased risk of fraud;*
- requiring consumers to provide additional information about the purpose of transactions during the payment authorisation process;*
- using the confirmation of payee system for authorised push payments;*
- providing increasingly tailored and specific automated warnings, or in some circumstances human intervention, when an increased risk of fraud is identified, as is the case when Mr B selected 'safe account' as the reason for making the payments.*

In reaching my conclusions about what Revolut ought fairly and reasonably to have done, I am also mindful that:

- Electronic Money Institutions like Revolut are required to conduct their business with "due skill, care and diligence" (FCA Principle for Businesses 2), "integrity" (FCA Principle for Businesses 1) and a firm "must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems" (FCA Principle for Businesses 3).*
- Over the years, the FCA, and its predecessor the FSA, have published a series of publications setting out non-exhaustive examples of good and poor practice found when reviewing measures taken by firms to counter financial crime, including various iterations of the "Financial crime: a guide for firms".*
- Regulated firms are required to comply with legal and regulatory anti-money laundering and countering the financing of terrorism requirements. Those requirements include maintaining proportionate and risk-sensitive policies and procedures to identify, assess and manage money laundering risk – for example through customer due-diligence measures and the ongoing monitoring of the business relationship (including through the scrutiny of transactions undertake throughout the course of the relationship). I do not suggest that Revolut ought to have had concerns about money laundering or financing terrorism here, but I nevertheless consider these requirements to be*

relevant to the consideration of Revolut's obligation to monitor their customer's accounts and scrutinise transactions.

- The October 2017, BSI Code [4], which a number of banks and trade associations were involved in the development of, recommended firms look to identify and help prevent transactions – particularly unusual or out of character transactions – that could involve fraud or be the result of a scam. Not all firms signed the BSI Code (and Revolut was not a signatory), but the standards and expectations it referred to represented a fair articulation of what was, in my opinion, already good industry practice in October 2017 particularly around fraud prevention, and it remains a starting point for what I consider to be the minimum standards of good industry practice now (regardless of the fact the BSI was withdrawn in 2022).*

Overall, 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 April 2022 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 their 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.*
- 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.*

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

It isn't in dispute that Mr B has fallen victim to a cruel scam here, nor that he authorised the payments in question. But whilst I have set out the circumstances which led Mr B to make the payments using his Revolut account and the process by which that money ultimately fell into the hands of the fraudster, I am mindful that, at that time, Revolut had much less information available to them upon which to discern whether any of the payments presented an increased risk that Mr B might be the victim of a scam.

So, I've gone onto consider, taking into account what Revolut knew about the payments, at what point, if any, they ought to have identified that Mr B might be at a heightened risk of fraud that merited its intervention.

I asked Revolut to confirm what payment purpose Mr B had selected when asked to select the purpose of his payment from the list of options they provided. I understand Revolut asked this in relation to the first payment and in response to my question, they've said "In both cases, the customer informed that they were sending the funds to a 'safe account'".

Being asked to transfer money to a 'safe account' is a common and well-known type of scam, and there are very few legitimate reasons for selecting that payment purpose. So, I think Mr B selecting this purpose should have put Revolut on notice

that there was a very high likelihood that the payments were being made was part of a fraud or scam.

What did Revolut do to warn Mr B?

Mr B was provided with a warning when making the first payments to each new beneficiary. This asked him, amongst other things, whether or not he trusted the payee and reminded him that fraudsters can impersonate others.

After Mr B selected 'safe account' as the payment purpose, Revolut have said they showed him the following screen:

"Beware, there is a high possibility that this payment is a scam.

Before sending your money, please beware that:

- 1. Fraudsters can fake phone numbers to make it look like the genuine phone number or an organisation or authority.*
- 2. Revolut will NEVER contact you over the phone without verifying ourselves first via the in-app chat.*
- 3. Revolut and other banks will NEVER tell you to move your money into a new 'safe' account.*
- 4. Revolut and other trustworthy organisations will NEVER tell you to ignore this warning.*

You risk losing money that we may not be able to recover".

Mr B was also provided with a link to Revolut's scam guidance as well as a link to get advice from an agent. Mr B was then given the option to either continue with the payment or cancel it. But as I think Revolut should have been on notice that there was a high likelihood this payment was being made as part of a fraud or scam, I don't think it should have let the payment go through unless it had satisfied itself that the 'safe account' payment purpose had been selected by Mr B in error.

And while these educational screens explain what a safe account scam could look like and that financial institutions won't ask customers to move money in this way, I don't think they were proportionate to the risk the payment presented or went far enough to explain that, unless Mr B had selected the payment purpose in error, this was a scam and he should not proceed with the payment. Essentially, I think Revolut needed to do more.

What kind of warning should Revolut have provided?

As Revolut was on notice that there was a high likelihood that the payments were part of a fraud or scam, I think a proportionate response to that risk would be for Revolut to have attempted to establish the circumstances surrounding the first payment before allowing it to debit Mr B's account. I think they should have done this by, for example, directing Mr B to their in-app chat to discuss the payments further.

And, unless Mr B's responses made it clear he had selected the payment purpose in error, I think Revolut should then have clearly warned him that he was a victim of a scam and not allowed the payments to go through.

If Revolut had taken the action described, would that have prevented the losses Mr B suffered?

Mr B has explained that the scammers only contact with him was by phone. This is common for this type of scam but, unfortunately, it means I can't be entirely sure what discussed. That said, I've no reason to disbelieve Mr B's testimony. And while he's explained he was told by the scammers not to disclose information to 'N' regarding HMRC's involvement, there's nothing to suggest he was told – or agreed – to mislead Revolut if questioned. Furthermore, given 'N' didn't speak with him during the time of the scam, I can't establish how effective such coaching would've been – and I'm mindful that banks and EMLs should hold their customer's answers up to scrutiny before processing them.

Although Mr B ignored and didn't fully digest the online written warnings provided, I feel this was understandable due to the pressure he was under with the threat of potentially going to jail and having all his funds frozen. Mr B was instead simply trying to follow the scammers instructions swiftly to avoid the consequences he was being threatened with.

What does appear clear here though is that, when asked by Revolut for the purpose of these payments, it seems Mr B was honest in selecting 'safe account'. This is because, while it was being sent for tax purposes, he's explained the scammer told him the funds needed to be sent to a safe account for it to be reviewed and returned if found legitimate. And so, Mr B didn't try to mislead Revolut by selecting a different payment purpose in order to reduce the likelihood of it being detected as part of fraud detection checks (which scammers are familiar with). Because of this, it seems most likely that Mr B would've been open and honest about the purpose of the payment(s) if questioned about it as part of fraud prevention checks in the in-app chat and I feel this would've had a more powerful impact on him.

So, had Revolut contacted Mr B to establish the circumstances surrounding the payment as I would've expected, I think it would have found out that Mr B had not selected the 'safe account' payment purpose in error and upon appropriate probing about the circumstances of the payments and clear tailored warnings advising him not to proceed, I think it's more likely this would've resonated with him. And so, I think he would have heeded the advice and not gone ahead with the payments.

As Revolut is the expert in financial matters here, I think its warning would have carried significant weight with Mr B and I haven't seen anything to suggest he would have attempted to continue making the payments if warned. So, if Revolut had acted as I believe it should have in this situation, I think it follows that Mr B's losses would have been avoided.

Should Mr B bear any responsibility for his loss?

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.

Based on what I've seen, I do not think Mr B should bear any responsibility for his loss. I say this because Mr B was called on what appeared to be the genuine number for the HMRC, and the scammer used a name that appeared on the genuine website of someone who worked there. I can therefore understand why he initially believed the scammer was calling from HMRC.

In addition to this, Mr B said the scammers asked him questions about who he was banking with and questions about his transactional history which seems like normal procedure and similar processes he'd been used to previously.

Mr B was also reminded if he refused to co-operate with the investigation to find out if he had avoided taxes the police would be involved, and he could potentially be sent to prison. I can therefore understand how stressful the situation must have been for him which would have added to the believability of the scam.

The fraud Mr B was subjected to is one that preys on fear and urgency to make payments in order to avoid detention and prosecution. Mr B confirmed, through reasonable means, that he was talking with a legitimate representative of the courts and with all of this in mind, I don't think a reduction in the redress would be reasonable.

My provisional decision

For the reasons I've explained, I'm currently minded to uphold this complaint and I intend to instruct Revolut Ltd to do the following:

- *Provide Mr B with a full refund of his loss to the scam, totaling £16,985.71. (minus any funds already recovered, with evidence)*
- *Pay 8% simply interest*, per year, from the respective dates of loss to the date of settlement.*

**If Revolut deducts tax in relation to the interest element of this award it should provide Mr B with the appropriate tax deduction certificate.*

Mr B accepted my provisional decision.

Revolut replied to say they disagreed. In short, they said:

- The 'safe account' selection should not be the only criterion for validating actions.
- It is unreasonable to assume scammers only directed Mr B to provide false information to other banks and not to Revolut. This remains speculative.

Revolut also referenced a previous decision the Financial Ombudsman had issued, which they said shows selecting 'safe account' does not automatically confirm a scam.

Given both parties have responded to my provisional decision, I can now proceed with my final decision on this complaint.

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.

In doing so, I have thought carefully about the additional points Revolut have made, but it doesn't persuade me to make a different outcome to that reached in my provisional decision. I've addressed its further submissions below.

I've considered Revolut's point that 'safe account' being selected should not be the only criterion for validating actions, and the decision they have referenced in support of their position. Firstly, while I've looked at the decision Revolut has referenced, I'm deciding the specific circumstances of Mr B's complaint – so I won't comment on this other decision here.

And while I accept selecting 'safe account' doesn't necessarily mean it is *definitely* a scam, as a customer could select it in error perhaps, there is a known significant risk when 'safe account' is selected as a payment purpose. Because of such a clear heightened risk, I consider it would've been reasonable for Revolut to have taken steps to satisfy themselves Mr B wasn't falling victim to a scam. In my opinion this should have involved Revolut reaching out to Mr B to establish the circumstances surrounding the first payment.

Considering that Mr B provided an accurate response to Revolut for the payment purpose, I see no reason to think Revolut couldn't have uncovered the scam had they attempted to establish the circumstances surrounding the payment when Mr B selected 'safe account'. I say this as Mr B has said he wasn't given any cover story to mislead Revolut if questioned about the circumstances of the payment(s).

Revolut also argue that it's unreasonable to assume the scammers only directed Mr B to provide false information to his other banks and not to Revolut. However, as I explained in my provisional decision, as no intervention took place from either N or Revolut we cannot know if Mr B would have followed the scammer's instructions if questioned. Or if his answers to N or Revolut would have stood up to scrutiny. Mr B has explained he was only told not to mention that he was in the middle of a conversation with HMRC to N, due to the ongoing investigation involving someone working at that bank. I therefore see no reason why Mr B wouldn't have been open and honest with Revolut, had they questioned the payment, as they weren't part of the '*investigation*'.

Ultimately, I find Mr B's testimony persuasive here in that he wasn't told to provide any false information to Revolut. And so, I consider it most likely that if he had been questioned about the nature of the first payment, he would have explained he was making it as a result of a call he received from a person claiming to be from HMRC informing him that he'd been flagged for avoiding tax and potentially committing tax fraud. Revolut should've immediately identified that moving funds for HMRC to ensure their legitimacy was a scam. Accordingly, Revolut should've advised Mr B he was likely being scammed and stopped the payment being made thereby preventing Mr B's losses.

I therefore remain of the view that Revolut is responsible for the loss Mr B suffered, and I see no reason to depart from the provisional decision I issued.

My final decision

My final decision is that I uphold this complaint and I direct Revolut Ltd to pay Mr B:

- Full refund of his loss to the scam, totaling £16,985.71. (minus any funds already recovered, with evidence).
- Pay 8% simple interest*, per year, from the respective dates of loss to the date of settlement.

*If Revolut deducts tax in relation to the interest element of this award it should provide Mr B with the appropriate tax deduction certificate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 13 June 2025.

Israr Ahmed
Ombudsman