

## The complaint

Mr H complains that Revolut Ltd will not refund money he lost to a scam.

## What happened

The details of this complaint are well known to both parties, so I won't repeat it all again here.

In summary, Mr H said he made the following card payments to three merchants as a result of a scam:

<b><i>Payment</i></b>	<b><i>Date</i></b>	<b><i>Type of Payment</i></b>	<b><i>Amount</i></b>
1	27 November 2023 18:50:32	Card Payment	£2,100
2	27 November 2023 19:04:55	Card Payment	£199.00
3	27 November 2023 19:09:23	Card Payment	£146.85
4	27 November 2023 19:09:51	Card Payment	£190.09
5	27 November 2023 19:10:37	Card Payment	£198.98
6	27 November 2023 19:10:53	Card Payment	£200.00
7	27 November 2023 19:11:08	Card Payment	£247.85
8	27 November 2023 19:11:23	Card Payment	£249.05
9	27 November 2023 19:11:40	Card Payment	£249.05
10	27 November 2023 19:11:56	Card Payment	£247.85
11	27 November 2023 19:12:14	Card Payment	£245.90
12	27 November 2023 19:12:31	Card Payment	£299.00
13	27 November 2023 19:13:28	Card Payment	£300.00
14	27 November 2023 19:14:03	Card Payment	£299.00
15	27 November 2023 19:14:21	Card Payment	£249.05
16	27 November 2023 19:14:41	Card Payment	£298.98
17	27 November 2023 19:14:57	Card Payment	£296.98
18	27 November 2023 19:23	Card Payment	£210.00

19	27 November 2023 19:33	Card Payment	£70.00
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Mr H said he received a phone call from someone impersonating Revolut who told him his bank account had been infected by a virus and his account with another bank, which I'll refer to as H, was also at risk. Mr H said he then received what he thought was genuine communication from his other bank, but it turned out to be part of the scam. Mr H said he was told to transfer the fund from his account with H to his Revolut account and that the money would then be paid back to his bank account with H. Mr H realised he had been scammed, when he didn't get the money returned to his account as promised. He raised the matter with Revolut but it didn't reimburse his funds and didn't uphold his complaint.

Our investigator didn't think the complaint should be upheld. He recognised that the payments were made in quick succession, but found that Revolut had declined some payments, provided Mr H multiple warnings and blocked his card. Our investigator said Mr H had to confirm that he recognised the payments before unfreezing the card, as such, he didn't think Revolut ought to have been concerned about the payments.

Mr H didn't accept what our investigator said and asked for an ombudsman's decision. As such the complaint has been passed to me to decide and I issued my provisional decision on 30 May 2025 in which I said:

*"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*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 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.*

*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, it 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 its consumer's instructions where it 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 H 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 its contract with Mr H and the Payment Services Regulations to carry out their instructions promptly, except in the circumstances set out in its contract, which included where regulatory requirements meant it 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 its 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<sup>1</sup>. 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 November 2023 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 it was also required by the express terms of its 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;<sup>2</sup>*
- 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.*

*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)<sup>3</sup>.*

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<sup>1</sup> The Payment Services Regulation 2017 Reg. 86(1) states that "the payer's payment service provider must ensure that the amount of the payment transaction is credited to the payee's payment service provider's account **by the end of the business day following the time of receipt of the payment order**" (emphasis added).

<sup>2</sup> For example, Revolut's website explains it launched an automated anti-fraud system in August 2018: [https://www.revolut.com/news/revolut\\_unveils\\_new\\_fleet\\_of\\_machine\\_learning\\_technology\\_that\\_has\\_seen\\_a\\_fourfold\\_reduction\\_in\\_card\\_fraud\\_and\\_had\\_offers\\_from\\_banks/](https://www.revolut.com/news/revolut_unveils_new_fleet_of_machine_learning_technology_that_has_seen_a_fourfold_reduction_in_card_fraud_and_had_offers_from_banks/)

<sup>3</sup> Since 31 July 2023 under the FCA's new Consumer Duty package of measures, banks and other regulated firms must act to deliver good outcomes for customers (Principle 12), but the circumstances of this complaint pre-date the Consumer Duty and so it does not apply.

- *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 undertaken 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 its customer’s accounts and scrutinise transactions.*
- *The October 2017, BSI Code<sup>4</sup>, 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).*
- *Since 31 July 2023, under the FCA’s Consumer Duty<sup>5</sup>, regulated firms (like Revolut) must act to deliver good outcomes for customers (Principle 12) and must avoid causing foreseeable harm to retail customers (PRIN 2A.2.8R). Avoiding foreseeable harm includes ensuring all aspects of the design, terms, marketing, sale of and support for its products avoid causing foreseeable harm (PRIN 2A.2.10G). One example of foreseeable harm given by the FCA in its final non-handbook guidance on the application of the duty was “consumers becoming victims to scams relating to their financial products for example, due to a firm’s inadequate systems to detect/prevent scams or inadequate processes to design, test, tailor and monitor the effectiveness of scam warning messages presented to customers”<sup>6</sup>.*

*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 November 2023 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;*

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<sup>4</sup> BSI: PAS 17271: 2017” Protecting customers from financial harm as result of fraud or financial abuse”

<sup>5</sup> Prior to the Consumer Duty, FCA regulated firms were required to “pay due regard to the interests of its customers and treat them fairly.” (FCA Principle for Businesses 6). As from 31 July 2023 the Consumer Duty applies to all open products and services.

<sup>6</sup> The Consumer Duty Finalised Guidance FG 22/5 (Paragraph 5.23)

- 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 – (as in practice Revolut sometimes does).

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

Revolut's fraud detection system stopped initial payments Mr H attempted to make, it declined the payments and blocked his card prior to payment 1 and payment 3 in the table above. Revolut has shown Mr H confirmed that he recognised the transactions and went on to unfreeze his card. I think Revolut's intervention was appropriate for the risk it identified at the time.

However, a further 15 payments were made in around 20 minutes. Payments 2 to 17 were all to the same merchant, the payments were all similar in value and appeared to be draining Mr H's balance. Revolut was also aware Mr H had received two large transfers into his account prior to making these payments and he increased his transaction limits to enable the payments to debit his account. I find the pattern of transactions and the activity on Mr H's account bore the hallmarks of an impersonation/safe account scam.

While Revolut intervened in the initial payments Mr H made, I think by the time he was attempting the tenth payment a pattern indicative of fraud or a scam was identifiable. And as such Revolut ought reasonably to have been concerned he might be at heightened risk of financial harm from fraud and intervened, however, I cannot see that it did.

I also recognise that as part of the earlier interventions Mr H was shown a warning which said, "if someone is claiming to be from Revolut and telling you to do this, cease all contact and terminate the call". While this warning does contain information relevant to Mr H's circumstances, the warning isn't particularly prominently displayed, it doesn't require interaction or any real engagement from Mr H, and I find it lacks sufficient context to have been impactful in the circumstances of this case.

Having thought carefully about the risk Payment 10 presented, I think a proportionate response would be for Revolut to have attempted to establish the payment's purpose before allowing it to debit Mr H's account. I think it should have done this by directing Mr H to its in-app chat to discuss the payment further.

I've then considered whether Mr H would have engaged and answered honestly if questioned. I can't see that he was given a cover story to tell the bank so I think he would have been honest about the purpose of the payment and the circumstance surrounding it. Particularly as Mr H was already questioning why the payments didn't appear to be going to an account in his name and it is clear he was concerned about losing his funds. Ultimately, I do not have sufficient evidence to persuade me that Mr H would not been honest with Revolut at the time.

Therefore, it is likely that with appropriate questioning, Revolut would have been able to uncover the scam. Revolut could have learned that Mr H received a telephone call from someone pretending to be the bank, he was told his account was at risk and to make the payments. It may also have become known that he did not own the mobile phone wallet the payments initiated from. All of which I think would have raised alarm bells and indicated that Mr H was at risk of financial harm.

*Revolut could then have provided a clear and specific warning, explaining that scammers can spoof genuine bank telephone numbers, reiterated that it wouldn't ask him to move his money to keep it safe, and let him know that he was falling victim to a scam.*

*While the scammer instructed Mr H to ignore any warnings he may have received from the bank, I think it's likely that had Revolut informed him that it had not telephoned him, and did not phone customers, it would have broken the spell and at least caused Mr H to pause and investigate the situation more closely. On balance, I think it's likely that had Revolut provided a warning as set out above, it could have prevented Mr H's losses. As such, I am satisfied that it would be fair to hold Revolut responsible for Mr H's losses from Payment 10 onward.*

#### *Should Mr H 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.*

*Mr H said he received phone calls and messages from Revolut and H. He checked and found the telephone number matched that of H and he has shown that the messages he received appeared to be from an official number and were similar to those he had received in the past. So I think it's reasonable that he might have been convinced by this.*

*Mr H said the scammers informed him of a fraudulent transaction on his Revolut account and when he checked his mobile banking app he saw a payment which he didn't recognise. I appreciate these are tactics often used by scammers to gain their victims trust, but I can see why it convinced Mr H.*

*I appreciate that Mr H attempted to phone H but did not wait long enough to speak to anyone. The purpose of the call was to inform them the Revolut (the scammer) would be in contact. Considering he was pressurised by the scammer, and concerned he might lose his funds if he didn't act quickly, I don't think he acted unreasonably. And in light of what he already knew, and believing he was speaking to his banks, I can understand why he may have chosen to follow the scammers instructions.*

*I appreciate that Revolut had provided a warning which reflected his circumstances but as I mentioned earlier, I do not find this warning was detailed enough or sufficiently prominent. Therefore, I can't fairly or reasonably conclude that he acted unreasonably when he moved passed it.*

*I find this was a highly sophisticated scam and taking all the above into account, I don't think Mr H acted unreasonably to the point whereby it would be fair or reasonable to reduce his refund in these specific circumstances."*

#### **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 provided additional comments or evidence for me to consider, I see no reason to depart from what I said in my provisional decision.

#### **My final decision**

For the reasons outlined above, I uphold this complaint and require Revolut Ltd to:

- Refund Payments 10 to 19.

- It should also apply 8% simple interest per annum on this amount, for loss of use of the money during this time - calculated from the date of each payment to the date of settlement.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 14 July 2025.

Oluwatobi Balogun  
**Ombudsman**