

## The complaint

L, an incorporated company, complains that Revolut Ltd won't reimburse them for funds they sent as part of an email interception scam. They sent funds to a Revolut account and allege that Revolut didn't take adequate steps to monitor suspicious activity on the account, which would have prevented their loss.

## What happened

The background to this complaint is known to both parties and not in dispute, so I'll only cover it briefly here.

In September 2021, L was arranging to repay funds they'd borrowed from another party who I'll refer to as M. M provided details of an account in the USA, but a few days later L received instruction to instead make payment to an account in Poland. L asked for further documentation to show M was the owner of the account in Poland. But M said they were waiting for a partner to provide documentation. To prevent any delays M provided details of a Revolut account in the UK. L sent two payments of €368,758 and €130,331.11 to this account.

Several days later M contacted L to say they hadn't received the funds. It came to light that M's emails had been intercepted by a fraudster, and they didn't have an account in Poland or the UK. L had been tricked in to sending the money to a fraudster's account. L contacted their bank, who contacted Revolut on 1 October 2021. The funds had already been removed from the Revolut account, but they were able to recover £17,105.68, which they held pending an indemnity from L's bank.

L complained to Revolut – saying that the account shouldn't have been opened, and that Revolut didn't do enough to prevent the fraud taking place. Revolut responded to say that they followed the correct processes when opening the account and referred L back to their own bank.

Unhappy with this L referred the complaint to our service. One of our Investigators thought that the complaint should succeed, in part. They felt that it was reasonable for Revolut to have opened the account, but that once the account was opened there ought to have had concerns about the activity and restrictions placed on it. But they also thought that L ought to have had reasonable concerns about the requests for payments to new accounts.

The Investigator thought that Revolut should refund the £17,105.68 still held, as well as 50% of the remaining loss – along with 8% simple interest per annum on these amounts from the date of payment to the date of settlement.

This was rejected by Revolut, who felt that their processes were in line with the regulatory expectations at the time. They said this was a fraud scheme with a high level of sophistication, so it would be unreasonable to expect that they could have prevented the losses to L.

As no agreement could be reached the complaint was passed to me to decide. I reviewed

the file and while my thinking was broadly in line with the investigator, my intended redress was different to what they suggested. I issued a provisional decision that said:

*L doesn't have a direct relationship with Revolut. But our service has the power to consider complaints about the providers of accounts that have received funds lost to authorised push payment fraud (APP). In this case, I'm satisfied that L has been the victim of this type of fraud.*

*As an account provider, Revolut has an obligation to be alert to various risks in relation to accounts held with it. They are expected to conduct its business with due skill, care, and diligence, and must fairly and reasonably monitor accounts and any payments made or received to counter various risks including anti-money laundering and preventing fraud and scams. Revolut should also have systems in place to look out for unusual transactions or other signs that might indicate there is a risk of fraud. I'm satisfied these obligations existed at the time of the payments from L were received.*

*Ultimately, it is a matter for Revolut as to how they choose to configure their fraud detection systems and strike a balance between allowing their customers to make business transactions and questioning these transactions to confirm they are legitimate. Here, it is alleged that Revolut didn't do enough to prevent an APP scam which caused a loss to L.*

*In terms of the account opening, Revolut are required to verify the identity of their account holder, which I'm satisfied they did. They've demonstrated to me the checks that they carried out to verify the company and the director, including verifying the information supplied with that on Companies House, verifying the identity and address supplied, and asking reasonable questions about the expected usage of the account. I'm satisfied these were in line with what I'd expect to see. I've seen nothing to suggest that at the time of opening the account, that the account was going to be used to receive fraudulent funds.*

*After Revolut opened the account, there were a few small transactions. However, around a month later, it began to receive several high value payments which were rapidly dispersed. These include L's payments.*

*Revolut have said that they weren't required under the relevant laws to undertake manual monitoring or check incoming payment details. It wouldn't be reasonable to expect them to manually check every inbound payment. But as mentioned above there is a broad set of legal and regulatory obligation on financial businesses to monitor accounts for signs of financial crime, or financial harm.*

*Prior to L's payments Revolut had flagged this account due to the age of the accountholder and the large payments the account was receiving. I can see that in the month prior the accountholder had been asked to provide further information about their business.*

*The payments from L had been flagged for review shortly after they had been received, and that further information requested from the accountholder. Revolut questioned the accountholder around their entitlement to L's funds. And after they were told it was the repayment of a loan, they requested a copy of a loan agreement, which the accountholder supplied them. They were satisfied with the response received at the time.*

*But the loan documents are dated three years before the accountholder started trading, according to the registration with Companies House. The screenshot of the invoice that the accountholder supplied also gets L's name wrong. I note that Revolut themselves concluded the evidence supplied by the accountholder was "poor". So, I think this should reasonably have prompted further investigation.*

*Given that Revolut were already looking at the account to satisfy themselves that these payments should have been received by their accountholder, I think they ought reasonably to have seen that L's incoming payment had M as the recipient's name, rather than that of their account holder. There were also other payments from senders unconnected to L with M as the recipient's name over these days – totalling nearly €600,000. At the account opening the expected monthly volume of transactions was listed as between £1,000 and £10,000. So, the volume had by this stage already been considerably higher than expected. I haven't seen that Revolut questioned this with their account holder.*

*I see that it was reasonable that Revolut acted in the manner in restricting the recipient's access to these funds while they investigated. However, I think it would have been reasonable for Revolut have continued their investigation into the inbound payments, due to the inconsistencies in the information they received from the accountholder.*

*Had Revolut questioned the accountholder further about the purpose of the payment that had been received or about proof that they were entitled to the funds, I think it's unlikely that they would have been able to provide a sufficient explanation. The fraudsters were obviously sophisticated, but there were still errors in the loan documents provided, and there was this mismatch in the name provided on the transfer. On the balance of probability, I don't think it's likely Revolut would have received anything persuasive from the account holder to satisfactorily explain these discrepancies by the time they were contacted by L's bank on 1 October 2021.*

*As I think the payment from L would have still been held in the account whilst Revolut undertook further investigations, I think it's likely the funds would have been available for recovery when L's bank requested that the payment be returned on 1 October 2021. Instead, the funds received from L had been removed from the account by 25 September 2021. So, I think Revolut missed an opportunity here to prevent L's funds being moved on. So, I see that it's fair and reasonable for Revolut to refund L's loss.*

*However, I'm also minded that L should reasonably bear some responsibility for the loss suffered. I say this because I think the correspondence with the fraudster ought reasonably to have raised some concerns for L which I think should have prompted further investigation before L made the payment.*

*Looking at the emails L received from the scammer, there are several changes of account details throughout the correspondence to different banks in different countries. When the scammer was asked to verify how they were linked to one of the accounts, as the account name was for a company, this wasn't provided. Instead, new details were provided, which L then used to make payment.*

*I think the repeated change of details and lack of information received from the scammer about the supposed relationship with the company linked to the alternative account details ought reasonably to have alerted L that something wasn't right. I think it would be reasonable for L to try to confirm the details with M through a different communication method – and it's likely that the scam would have been discovered if they'd done so. As such I see it would be appropriate to reduce the amount awarded on the preventable losses by 50%. This is to reflect that both parties had opportunities to prevent the losses.*

*In terms of the recovery, Revolut were able to recover £17,105.68. My understanding is that this has been held, pending receipt of an indemnity from L's bank. It's not unreasonable for Revolut to ask for an indemnity against any future claims, especially when receiving international payments. But L isn't party to the indemnity and can't compel their bank to issue one. I can see from the communication that L's bank has explained that indemnities like this are uncommon in the country of origin.*

*Revolut have accepted that the funds were received because of fraud, and there doesn't appear to have been any further contact from their customer to dispute the specific ownership of these funds. The account itself was closed in January 2023, without any further contact from the accountholder. I see it as unreasonable to continue to deny L these funds, and it would be reasonable for Revolut to return these.*

*I've considered the loss of use of these funds, and whether it is appropriate to award interest to reflect the loss of use of these funds. Typically, our service may award 8% simple interest on losses. But L was never intending on keeping the funds sent to Revolut, they were always intending on repaying the loan to M. There was never a true loss of use of these funds for L.*

*But L has shown that they entered into a settlement agreement with M to repay \$385,000. And that this was paid on 29 July 2022. So, it's at this point that I see a loss to L is crystallised – they've in effect paid the loan twice. I also see by this point Revolut would reasonably be able to conclude that their accountholder didn't have an entitlement to the funds received, and could already have returned the recovered funds to L. So, I'm satisfied that after this point there is a loss to L – and it would be reasonable to ask Revolut to pay 8% simple interest per annum on these amounts.*

*L has also supplied a list of costs and legal fees incurred because of the loss of funds. However, I'm not persuaded that it would be reasonable to ask Revolut to cover these. While I have found that Revolut could have done more to prevent the losses, the ultimate responsibility lies with the fraudsters. And I'm minded that any dispute with Revolut can be dealt with for free through our service, rather than requiring legal advice or representation.*

I was minded that to resolve this complaint Revolut should:

- Refund the recovered £17,105.68 in full
- Refund 50% of L's remaining losses after this

And that Revolut should also add 8% simple interest per annum to these amounts, from 29 July 2022 to the date of settlement.

The provisional decision was accepted by L. Revolut did not provide a response before the deadline.

### **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 re-reviewed the evidence, and with no further points to consider from either party, I remain satisfied with the conclusions reached in the provisional decision. Revolut were right to question the funds received by their customer, but I don't see that they carried out a reasonable level of enquiry into what they were being told. As mentioned, the explanation that the funds were repayment of a loan doesn't stand up to scrutiny. The loan agreement provided by the customer is dated from before the customer's business was incorporated. And the invoice supplied doesn't match the details on the loan agreement.

Revolut already had concerns about the activity on this account, and it's noted in the investigation that the evidence supplied at the time was poor. It would have been reasonable to decline any further payment instructions while they investigated further their customer's entitlement to the funds. I don't think it's likely that the customer would have been able to provide anything persuasive to explain the account activity before the fraud report was

received. As such, L's funds ought reasonably to have been recoverable.

Here, Revolut have accepted their customer wasn't entitled to the funds. They have asked the sending bank for an indemnity, which isn't necessarily unreasonable. However, none has been forthcoming from the sending bank, and it seems unlikely one will be received. But there's no indication that there is any dispute over the true owner of the recovered £17,105.68. So, I see that it's reasonable these funds are now returned to L.

But, I'm persuaded that L have contributed to their loss – the information they received from the fraudster posing as M should have raised some concern, and L doesn't appear to have taken steps to verify the payment details were legitimate before instructing their bank. I see that it's reasonable to consider this contributory negligence when considering any award. A deduction of 50% to the outstanding losses is appropriate.

As the settlement agreement between L and M was paid on 29 July 2022, I'm satisfied that this is the date from which L has suffered a genuine loss. On that basis, I see that it's appropriate to award 8% statutory interest from this date to both the preventable losses, and the recovered funds.

### **My final decision**

My final decision is that I uphold this complaint and direct Revolut to:

- Refund the recovered £17,105.68 in full
- Refund 50% of L's remaining losses after this – the funds were received as EUR, but the recovery was in GBP, so I cannot provide a precise figure for this because of the exchange rate. But in working this out Revolut should use the exchange rate L's EUR funds were converted to GBP at.

Revolut should also add 8% simple interest per annum to these amounts, from 29 July 2022 to the date of settlement. If Revolut consider that they are required to deduct tax from this interest award, they should let L know how much has been deducted, and provide a certificate showing this, should L ask for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask L to accept or reject my decision before 24 July 2025.

Thom Bennett  
**Ombudsman**