

## The complaint

A partnership which I'll call 'X' complains that Revolut Ltd didn't do enough to prevent the loss it suffered when it sent a payment to one of the Electronic Money Institution's (EMI) customer accounts because of an alleged scam.

The complaint is brought on X's behalf by two of its partners, Mr E and Mr C. They are represented by 'K' but for ease, I'll refer to X throughout the decision.

## What happened

X took out several loans from an investor who I'll call 'Mr M' in 2018 and 2019. In 2021, X decided to repay the loans and contacted Mr M via email to discuss the outstanding balance. X received an email which it thought was from Mr M providing account details for the payment to be made. However, unknown to Mr M a fraudster had intercepted his emails and instead provided the details for a different account which didn't belong to him.

On 23 September 2021, X made a payment for €143,573.65 from its bank in Germany to a Revolut account in the UK which it thought belonged to Mr M – however, this belonged to someone that wasn't Mr M. The funds were received into Revolut's account at 6:00am on 24 September 2021. X sent a follow up email to confirm the payment had been made, but this was intercepted by the fraudster pretending to be Mr M.

On 29 September 2021, Mr M contacted X to ask why he still hadn't received the loan repayment as agreed. X confirmed the account the payment had been made to and Mr M said that he'd never held an account with Revolut. It was at this point that X became aware it hadn't actually been emailing Mr M but someone impersonating him, and the fraud was identified.

On 30 September 2021, X asked its bank to contact Revolut and request the return of its funds. However, Revolut said that the recipient account holder had refused to return the funds. X raised the fraud with the police shortly after, but they were unable to pursue the return of the funds as the fraud had taken place in the UK, where the funds were received, not Germany where the payment had been made from. X complained to both its bank and Revolut requesting the return of the funds.

Revolut didn't uphold the complaint. It said it had carried out reasonable due diligence, and the required Know Your Customer ('KYC') and other appropriate checks so it hadn't done anything wrong. It said it couldn't comment any further about its account holder. X didn't think that was fair and complained to our service.

Our Investigator recommended the complaint be upheld. She thought that X and Revolut had both been responsible for the loss caused as a result of the fraud. She thought that the email correspondence with the fraudster should have raised concerns with X, but she also thought that Revolut should have had concerns about the recipient account and acted sooner. So, she thought the fairest resolution was for both parties to take responsibility for 50% of the loss. She also recommended that Revolut pay X interest at 8% simple on the recommended award from the date it was notified about the scam to the date of settlement.

X accepted the Investigators opinion.

Revolut initially accepted the investigators opinion but then said that X was too big for our service to consider. A decision was issued which said that X could be considered under our jurisdiction, and therefore the case was passed to me to consider the merits of the complaint.

I issued a provisional decision on 11 June 2025. I said the following:

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 decided to uphold it for broadly the same reasons as our Investigator. I'll explain why.

As an account provider, Revolut has an obligation to be alert to various risks in relation to accounts with it. It is 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.

Ultimately, it is a matter for Revolut as to how it chooses to configure its fraud detection systems and strike a balance between allowing its 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 authorised push payment scam which caused a loss to X. Revolut has provided information to our service to allow us to investigate X's complaint, but I'm limited on the information that I can directly share because it relates to a third-party's account. I'd like to assure X that I've carefully reviewed everything when reaching my decision.

Revolut are required to verify the identity of their accountholder, which I'm satisfied they did in these circumstances. Looking at the evidence provided, there was nothing at the time of opening the account that reasonably could have put them on notice that the account was going to be used later to receive misappropriated funds.

After Revolut opened its customer's account, there were a couple of transactions initially, all of relatively small amounts. However, around a month later, Revolut's customer received three large credits within twenty-four hours totalling around €640,000, the third credit being X's payment of around €143,000. This was then quickly followed by a series of large outgoing payments and within twenty-four hours of X's payment being received, only around €160 remained in Revolut's customer account.

Revolut said that it wasn't required under the relevant laws to undertake manual monitoring or check incoming payment details. I'm not suggesting Revolut ought to have carried out manual monitoring or that it should be checking all incoming payment details before crediting payments to their customer's accounts. But it should be monitoring its accounts for suspicious activity. And by its own admission, Revolut has told us that it had already flagged this account due to the age of the accountholder and the large payments the account was receiving. Revolut also told us that the payment from X had been flagged for review shortly after it had been received, due to its high value, and that further information had been requested from the accountholder.

Revolut has told us that it did question its accountholder about the transaction a few hours after the payment was received from X on 24 September 2021, and it was

satisfied with the accountholder's response. So, it doesn't seem to be in dispute that the account activity on 24 September 2021 was suspicious and worthy of scrutiny by Revolut. Its actions support that this is what happened, and I think Revolut took positive steps here. However, it's the thoroughness of that intervention, which in the circumstances of this complaint, and looking at the proportionality (given the sums involved), I don't think was as detailed as it should've been. Given that Revolut was already looking at the account to satisfy itself that this payment should have been received by its accountholder, I think it ought reasonably to have seen that X's incoming payment had Mr M as the recipient's name, rather than that of its accountholder. I haven't seen that Revolut questioned this with its customer.

I am limited by the amount of information that I can share, but I think there were sufficient red flags here to warrant further action from Revolut. I say this because the calculations and interest rates on the supporting documents provided by the accountholder don't add up, the documents are also dated the year before Revolut's accountholder started trading and have clearly been modified in several places. So, I think all of this should have prompted Revolut to undertake further investigation.

Based on the evidence, it appears the funds received from X at 6:00am on 24 September 2021 and were ringfenced by Revolut and couldn't be withdrawn by the accountholder whilst it was making enquiries into the payment. Revolut completed its review and approved the release of the funds at around 11:30am on the same day. Again, I think Revolut acted in the manner I would expect by ringfencing these funds whilst it undertook its investigations. However, I think it would have been reasonable for Revolut to have continued ringfencing the funds received from X until it had undertaken further enquiries, due to the inconsistencies in the information it received.

I recognise that when Revolut asked its accountholder about the payment from X that they provided some documentation to support their entitlement to the money. However, as I've mentioned above, there were inconsistencies in what was provided and the information available to Revolut, which indicated that its accountholder may not have been the intended recipient of the payment. So, I don't think Revolut should've just taken what it likely would've been told at face value, as there was some objective basis for it to have had concerns. I think that had Revolut questioned its accountholder further about the purpose of the payment or requested proof that they were entitled to the funds, it's unlikely they would have been able to provide a sufficient explanation. I think this would likely have led Revolut to undertake a more detailed review of the account activity and continue to ring fence X's payment.

I also recognise that this was a sophisticated scam in some respects, in that Revolut's accountholder was able to send emails which looked genuine, however, there were some aspects which were much less sophisticated. Specifically, the dates on the documents which were provided by the accountholder didn't make sense in relation to the funds, the amounts didn't add up, and the entitlement of the funds didn't make sense in relation to the business type. Therefore, on the balance of probability, I don't think Revolut would have received anything meaningful from the accountholder by the time it was contacted by X's bank on 30 September 2021.

If Revolut had undertaken an enhanced review of the account activity, I think it would also likely have identified that on 23 September 2021 and 24 September 2021, its accountholder had received several payments (including the one from X) for around €640,000 – and that all of these payments had Mr M as the recipient's name, not its accountholder. I think it's likely that had Revolut done more investigation on the day X's payment was received, the account couldn't have been used to continue the scam. Furthermore, as I think the payment from X would have still been ringfenced in

the account whilst Revolut undertook further investigations, I think it's likely the funds would have been available for recovery when X's bank requested that the payment be returned on 30 September 2021. Instead, the funds received from X had been removed from the account by 25 September 2021. So, I think Revolut missed an opportunity here to prevent the financial loss caused to X.

For completeness, I've also considered whether X should bear some responsibility for its loss due to any contributory negligence. Looking at the emails which X received from the scammer it believed to be Mr M, there were several changes of account details throughout the correspondence to different banks in different countries, but no explanation was provided to explain why. I think this ought to have stood out as suspicious to X. Similarly, when X was asked to make the payment to an account in a different name, it asked the scammer to verify how they were linked to the account as it was in a company name –this wasn't provided, but X went on to make the payment anyway.

I think X had identified a potential issue (as it asked for more evidence from the scammer), but as I said, it didn't follow up on this and still sent its payment. Taking all these factors together, there were enough red flags where I don't think X acted reasonably by not doing more here, such as contacting Mr M through contact details it already held. Had it done so, I think it's likely that Mr M would have confirmed that he hadn't changed his account details, and X wouldn't have made the payment. Therefore, I think that X should bear some responsibility for its loss, and I think that the fairest resolution to X's complaint is that Revolut and X share equal responsibility for the loss incurred.

I've thought about the interest that should be payable here, and whilst our standard award would normally be annual interest at 8% simple where a complainant has been without the use of their funds. But that's not the case here as X wasn't keeping the funds which were paid into Revolut's account. X has told us that it was making the payment to clear its outstanding loan liability, and that this has not yet been repaid to Mr M.

As the loan has yet to be repaid, X appears to liable for ongoing interest on the loan balance which hasn't yet been repaid. Therefore, I think that both parties should equally share the liability for the interest that is due and payable under the loan agreement, from the date the loan was expected to be repaid on 25 September 2021, to the date that X receives the 50% refund in settlement of this complaint. This is subject to X's acceptance of the final decision, and reasonable evidence of the additional interest incurred by X being provided in a satisfactory form to Revolut within 30 days of the acceptance of the decision.

X has told us that it also incurred legal fees because of the ombudsman dispute. Whilst I think that Revolut could have done more to prevent the losses, I can't fairly hold it responsible for the action of the person(s) who committed the fraud. Furthermore, our service doesn't usually award the fees for complainants to refer their complaints to us. As an informal service and alternative to the courts, our service can be accessed in a variety of ways and our general terms do advise that if a complainant chooses to seek legal support, as X says it did here, that they will most likely have to pay those costs themselves. So, I don't think that it would be reasonable to ask Revolut to cover these costs.

I invited X and Revolut to give me any more evidence and information they wanted me to consider before issuing my final decision. Revolut didn't respond to say whether

it agreed or disagreed with the provisional decision or had anything further to add. X didn't agree with the provisional decision. It said in summary that:

- As I had concluded that Revolut could have done more to prevent the payment leaving its customers account, and ringfenced its funds until it was notified of the scam, Revolut should be responsible for the full loss.
- It was irrelevant that the scam could have been prevented by X as the complaint investigation was about whether Revolut had fulfilled its obligations, and the loss could have been prevented.
- The fairness remit and principles of our service says that if a business has made a mistake or behaved unfairly that our service would look to put the complainant back in the position it would have been, had the failure not taken place.
- It wasn't fair that I wasn't awarding 8% interest on the time that X had been without the funds, because had the funds not been released, X would have repaid Mr M as expected and he could have invested them with a higher return than the loan rate.

### **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, I've taken X's comments on board, but I've reached the same conclusion as I did in my original decision, for the same reasons.

X says at Revolut should be held solely responsible for its loss as it failed in its legal obligations and could have done more to prevent the scam. But I don't agree. Whilst I have acknowledged in my provisional decision that Revolut could have done more, I haven't said that it didn't meet its legal or regulatory obligations here. Although limited in the information that I can share, I have explained that I have seen that Revolut did undertake checks on the payment received from X and it is a commercial decision that Revolut is able to make on what checks it undertakes to show it meets its obligations. And it is a decision for the regulator, not me, to decide on whether these checks are sufficient.

A payment service provider (PSP), such as Revolut's principal duty is to process payments that its customer instructs it to make without undue delay. So, it's understandable that there will be conflict between ensuring that payments are processed quickly, and detecting any potential fraud or other risks associated with those payments. With the benefit of hindsight, it's easy to say that Revolut ought reasonably to have identified the payment received from X as being fraudulent. However, Revolut did obtain information from its customer when it received this payment, the error wasn't that no checks were undertaken, it just accepted this information at face value rather than challenging its customer further.

X has mentioned that the role of the ombudsman service is to behave in a fair manner and put a complainant back in the position it would have been, had the error not taken place. It's not disputed that's the case, but the role of our service is to act as an impartial party, and that means being fair to both the complainant and respondent businesses. I agree that Revolut could have done more to prevent the payment leaving its customer's account. However, that doesn't mean that I can or should ignore how the payment was received into that account in the first place. Ultimately, X requested that the payment be made to Revolut's customer account, and I'm satisfied that there were sufficient red flags from the contact from

the scammer that ought reasonably to have alerted X that something wasn't quite right and that it should undertake further checks before making the payment.

Simply falling victim to a scam doesn't create the basis, upon which, I can ask Revolut to fully refund X's losses. In these specific circumstances I could only ask Revolut to fully refund the loss if I could fairly and reasonably conclude that its actions were the sole cause of X's loss, and I'm not persuaded that's the case here. Therefore, I think it's fair that X share equal responsibility for the loss that it suffered.

I recognise that X feels the reduction to the interest award from 8% to the loan agreement rate is unfair as Mr M has been deprived of the use of the funds. However, Mr M isn't the eligible complainant for the purpose of this complaint, that is X. Our service can only make awards to the eligible complainant and look to put them in the position they would have been. In this case, the interest award is based on the additional interest which would be payable by X, as that is the loss it has ultimately incurred. An award of 8% would generally be awarded where the eligible complainant hasn't had the use of their funds. In this case, X wasn't intending on using the funds for anything else except the repayment of the loan which it continued to accrue interest on, based on the terms of the agreement.

So, whilst I'm naturally sympathetic to X having been a victim as it has, for the reasons I've set out, there isn't a fair and reasonable basis upon which I can require Revolut to be solely responsible for its loss or award a higher interest rate that it has incurred. I appreciate X's directors' strength of feeling about what has happened here, and X isn't under any obligation to accept my final decision. If X doesn't accept my decision, it won't be legally binding, and it is free to pursue Revolut through other avenues, such as the courts, should it decide to do so.

### **My final decision**

My final decision is that I uphold the complaint. I instruct Revolut Ltd to do the following as a settlement paid in Euros:

- Reimburse 50% of the loss to X.
- Refund 50% of the interest that is due and payable under the loan agreement, from the date the loan was expected to be repaid on 25 September 2021, to the date that X receives the 50% refund in settlement of this complaint.

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

Jenny Lomax  
**Ombudsman**