

The complaint

Mr K 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 K fell victim to a cruel safe account scam. It appears the scam started after he responded to a text claiming to be from a parcel delivery company, which he realised was fake shortly after. A few days later, on 12 December 2023, he received a call claiming to be from Revolut's fraud department telling him his account had been compromised. It seems the scammer was able to use information gained from his response to the fake text to make this contact convincing.

During his conversations with the scammer, Mr K says he was told to transfer money from his bank to Revolut and then to another account set up by the scammer using screen-sharing software he was told to download. He says he thought this was a new account with his bank but, although it was set up with his name, it was actually controlled by the scammer.

Mr K was persuaded to make the following payments into the new account set up by the scammer:

No.	Amount £
1	750
2	700
3	690
4	660
5	620
6	570
7	550
8	520
9	520
10	470
11	610
12	650
13	690

No.	Amount £
14	715
15	740
16	695
17	600
18	585
19	560
20	525
21	510
22	600
23	650
24	680
25	700

According to the account transaction history, all of the above payments were transfers sent between 14.26 and 15.13 on 12 December 2023. They were preceded by a similar number of transfers from Mr K's bank earlier that day between 12.37 and 15.37. Mr K says he made the payments in this way because he'd been told his account was compromised and that making larger payments would alert the fraudsters who had access to it.

Mr K says he became suspicious when the scammer kept asking him to send more money and the chat history provided shows he contacted Revolut at 16.27 on the same day to say he'd been scammed.

My provisional decision

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

In this case, there's no dispute that Mr K authorised the above payments. 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 by December 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;*
- 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 K.

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

Mr K had held his account with Revolut since 2016. The activity on 12 December 2023, involving a high number of low-value transfers over a short space of time immediately followed by a large number of similar payments out of the account within the space of less than an hour, was inconsistent with how Mr K had used the account previously and was sufficiently unusual in itself that Revolut should in my view have been prompted to suspect he may be at risk of harm from fraud.

What did Revolut do to warn Mr K?

I'm pleased to see Revolut did recognise the risk of fraud and intervened before processing payment 1. The intervention included asking Mr K about the purpose of the payment, to which he responded that he was paying back a family member or friend for a purchase they'd made, that he'd made payments to that person before and obtained their details face to face. Based on these answers, Revolut showed a series of warnings relating to purchase and romance scams before Mr K confirmed he wished to proceed with the payment.

In the circumstances, I'm satisfied Revolut's intervention was proportionate to the risks presented by payment 1 and that the warnings shown were relevant to the information it received. While the warnings didn't relate to the actual scam that was taking place and weren't therefore successful in preventing his loss, I think this was the result of Mr K providing inaccurate information rather than any failing on the part of Revolut.

Revolut has confirmed that it made no further attempt to intervene in the series of payments outlined above.

Was further intervention warranted?

While I'm satisfied Revolut carried out an appropriate intervention before processing payment 1 and was reasonably entitled to act in line with Mr K's instruction, it's my view that its concerns about the risk of fraud should have resurfaced and intensified as the sequence of payments unfolded. As I've said, I think making 25 transfers to the same account in less than hour – particularly when this immediately followed a similar number of transfers into the account – should have been seen as particularly unusual and suspicious. It was also inconsistent with the payment reason Mr K had given.

In my view, Revolut should have asked Mr K again about the purpose of the payment by the time of payment 5. But on balance, I'm not convinced he would have answered the questions he was asked any differently. This would again have made it difficult for Revolut to identify the type of scam that was taking place or provide more relevant warnings than it had previously. So I'm not persuaded a proportionate intervention at this stage would have prevented Mr K's losses either.

By the time of payment 10, I think the story Mr K had given had become unsustainable. If he was paying back a friend or family member, why was he making payments to an account in his own name and why not make a large single payment rather than multiple smaller ones? With this in mind, I think the continued flow of payments should have prompted Revolut to intervene again.

What kind of warning should Revolut have attempted before processing payment 10?

Having thought carefully about the risk payment 10 presented, 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 K's account. I think it should have done this by, for example, directing him to its in-app chat to discuss the payment further.

If Revolut had intervened as I've described, would that have prevented the losses Mr K suffered from payment 10?

When asked again about the reason for the payment, I've no reason to believe Mr K would have initially answered any differently to how he had previously. But as I've said, I think his story had essentially become unsustainable by this point and I would have expected an appropriately skilled Revolut agent to challenge why he was making transfers to an account that appeared to be in his own name to repay someone else and why he'd done this by making so many smaller payments rather than one single payment.

On balance, if asked appropriate probing and challenging questions I think Mr K would have had little choice but to be more open about what was really going on.

And if these questions had been accompanied by a repeat of earlier warnings that scammers often impersonate banks and tell customers to lie about the reason for making payments, I think it's likely he'd have been persuaded to disclose the real reason for the payment and that this would have enabled the agent to open his eyes to the scam.

But even if Mr K had tried to continue with his story or come up with another alternative story, Revolut knew the payments were going to an account set up with his own name and its agent should have identified the most likely type of scam that might be taking place was a safe account scam. They could then have provided appropriate tailored warnings setting out common features of this type of scam, including that scammers contact customers out of the blue claiming to represent their bank, tell them their account has been compromised, that they need to move money to a safe account, may ask them to download screen-sharing software to set up a new account, and tell them to hide what's really going on if anyone asks about the payments being made.

If Mr K had received such a warning, I think it's likely he'd have recognised many common features of safe account scams in his own situation and that this would have resonated with him.

So, whether or not Mr K answered any further questions accurately, I find that it's most likely the scam would have been uncovered prior to payment 10 if Revolut had carried out a further and proportionate intervention. I think it follows that if the scam had been uncovered at the point of payment 10, payments 11 to 25 would also have been prevented.

What about the actions of Mr K's bank?

This was a multi-stage fraud that saw Mr K 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 M K's bank to establish if it attempted any kind of intervention before transferring his money to Revolut and, if so, how this affects my assessment of whether or not he acted reasonably in the circumstances.

In response, Mr K's bank told us that it didn't provide any scam warnings or attempt any other intervention before making the payments to his Revolut account on 12 December 2023. It also told us it hasn't received a complaint from Mr K. This means there was no intervention by the bank that should particularly have alerted Mr K 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 K's loss?

In reaching my decision about what's fair and reasonable, I have taken into account that Mr K's bank was also involved in the overall process that ended up with payments being made to the scammer, and that he might potentially have a claim against it in respect of its actions (although that business isn't a party to this complaint and so I make no finding about their role here).

However, for the reasons I've set out above, I'm satisfied it would be fair to hold Revolut responsible for Mr K's loss from payment 10. As I've explained, the potential

for scams ought to have been well known to Revolut. And as a matter of good practice, I consider it fair and reasonable that it should have been on the look-out for payments presenting an additional scam risk including those involving multi-stage scams.

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 K has not 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 K bear any responsibility for his losses?

In considering this point, I've thought very carefully about what's fair and reasonable in the circumstances of this complaint.

I appreciate Revolut believes Mr K was negligent in responding to the scam in the way he did. But I think his actions need to be viewed in context. He'd received a call from someone who he thought was representing his bank and had told him his account was at risk and that they'd help him protect his money. And I think this would have seemed more plausible as he knew he'd made a payment in response to the fake text he'd received a few days earlier. I'm also conscious the scam unfolded over a very short period of time and the scammer's tactics were designed to create a sense of fear and panic to lure Mr K into taking actions he might not otherwise have taken if he'd been given more time to think and hadn't been panicked into believing he was about to lose his money.

From a detached viewpoint and with the benefit of hindsight, Mr K's actions in transferring money in the way he did and not being open with Revolut about the reasons he was doing this were clearly unwise. But this was a very sophisticated scam and in the circumstances he faced, and in the heat of the moment, I don't find that his actions were so unreasonable that he should be held responsible for his loss from payment 10 onwards. As I've explained above, if Revolut had acted appropriately, I'm satisfied this loss would have been prevented.

Recovery of funds

I've also looked at whether Revolut could or should have done more to try and recover Mr K's losses once it was aware that the payments were the result of fraud.

Revolut has said that it contacted the receiving bank but its attempts to recover Mr K's money weren't successful. While he did notify Revolut almost immediately that he'd been scammed on 12 December 2023, the chat history provided shows he didn't provide details of the transactions he was disputing until 14 December. It's a common feature of this type of scam that the fraudster will move money very quickly to other accounts once received to frustrate any attempted recovery and I don't think anything that Revolut could have done differently would have been likely to result in his money being recovered after that delay.

In conclusion

For the reasons I've explained, I don't think Revolut acted fairly and reasonably in its dealings with Mr K and I'm proposing to uphold this complaint in part. While I don't think it acted incorrectly in processing payments 1 to 9 in line with Mr K's instructions,

if it had carried out an appropriate intervention before payment 10 debited his account, I'm satisfied payments 10 to 25 would most likely have been prevented.

The responses to my provisional decision

Mr K accepted my provisional decision and Revolut confirmed it had nothing further to add.

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 K to the position he'd now be in but for the errors or inappropriate actions of Revolut. If it had carried out an appropriate intervention as I've described, I'm satisfied the scam would have been stopped and Mr K would have retained the money that was lost from payment 10 onwards.

To put things right, Revolut should pay Mr K compensation of A + B, where:

- A = a refund of each of payments 10 to 25 outlined above; and
- B = simple interest on each amount being refunded in A at 8% per year from the date of the corresponding payment to the date compensation is paid.

Interest is intended to compensate Mr K 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 K 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 partly uphold this complaint. Subject to Mr K'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 K to accept or reject my decision before 5 August 2025.

James Biles
Ombudsman