

The complaint

Miss B is complaining about Revolut Ltd because it declined to refund money she paid to a blackmailer.

What happened

After one of her social media accounts was compromised and she lost access, Miss B spoke to someone who claimed they could restore it. They then gained access to her account and sent screenshots to confirm this, threatening to leak information from the account unless she paid them, after which her access would be restored.

In order to prevent her information being leaked, Miss B used her debit card to spend over £16,000 on around 120 gift cards from various merchants between 3 July and 3 August 2024.

Our investigator didn't recommend the complaint be upheld. They didn't think that any further intervention from Revolut would have prevented Miss B from continuing to make payments to the blackmailer. Miss B didn't accept this assessment and the complaint has now been referred to me for review.

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:

There's no dispute that Miss B authorised these payments. In broad terms, the starting position at law is that an Electronic Money Institution (EMI) such as Revolut is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, 'authorised' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

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 that Revolut should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams and other criminal activity;*
- 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. 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 fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) 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 Miss B.

Should Revolut have recognised that Miss B was at risk of financial harm?

Revolut had a responsibility to make payments promptly and I must take into account that many similar payment instructions it receives will be entirely legitimate. I also note Miss B's comments about her vulnerability at the time, but there's nothing to indicate Revolut had been made aware of this.

Having considered what Revolut knew at the time, I don't think it had any reason to be concerned with the initial payments. The amounts were low and went to a variety of different merchants, so I can't say reasonably it was at fault for processing them in line with Miss B's instructions. But as the high volume of payments continued and the amounts began to increase, I think it should have identified she was at risk of harm.

What did Revolut do to warn Miss B?

It appears Revolut did recognise this risk and declined a number of payments, warning Miss B that they may be part of a scam. On each occasion, she confirmed she wished to proceed with the payment. As the series of payments progressed, Revolut stepped up its intervention and asked her to confirm the reason for the payment, following which it showed a series of fraud and scam warnings. But as Miss B didn't disclose the real reason for the payments, the warnings didn't relate to her situation.

What kind of warning should Revolut have provided?

Having thought carefully about the risk these payments presented up to 25 July, I think a proportionate response to that risk would have been for Revolut to have asked Miss B to confirm the purpose of the payments and to show relevant warnings based on the answers she gave and I'm satisfied that's broadly what happened.

I appreciate Miss B believes Revolut should have called her to discuss the payments but I don't think that level of intervention was warranted before 25 July. And in view of the answers she gave when she was asked about some of the payments, it's not clear she was willing to disclose what was really going on at that stage. Given she was being blackmailed and feared sensitive personal information would be leaked, any reluctance to discuss this is entirely understandable.

In my view, however, the situation changed fundamentally on 25 July. On this date Miss B spoke to a Revolut agent via the in-app chat and said she'd been 'hacked' and 'scammed'. She went on to explain that

This entire month I've been spending it on gift cards this whole month of transactions as he said he would help me recover all my hacked accounts but

now his not replying to me after saying today the refunds should be processed when they haven't been.

As the chat unfolded, Miss B further explained:

I think I've been scammed.

So my account ended up getting hacked on [social media platform].

And this person who I researched about said they would help me.

In doing so every day they have been making me purchase £100 pounds of gift cards.

I want all my money back asap.

With this in mind, I think it should have been clear to Revolut from the start of this chat on 25 July that Miss B believed criminal activity was taking place. And that this involved her making multiple purchases of gift cards using her account. Revolut had the opportunity to find out more about what was going on and the information she did disclose suggests she was willing to discuss that at this stage. And I think it should have taken more pro-active steps to prevent further payments rather than allowing them to continue.

Based on the information Miss B provided, she could have been advised to contact the police. And if she was reluctant to do this, there was nothing to stop Revolut contacting the authorities on her behalf. While I appreciate the over-arching requirement to make payments in line with a customer's instructions, Revolut is entitled to decline payments where it has reason to believe they're connected to criminal activity and I think that's what should have happened here.

If Revolut had acted appropriately and blocked further payments after Miss B notified it of what was happening on 25 July, I'm satisfied further losses to the scam would have been prevented.

What about the actions of Miss B's bank?

I appreciate the money Miss B sent to the blackmailer was transferred to Revolut from her bank account and we've contacted the bank for details of any interventions in these transfers and it's confirmed that none of them were flagged as suspicious and no warnings were shown. So I'm satisfied there were no actions by the bank that would alter my view on how Revolut handled this situation.

In any event, Miss B hasn't pursued a complaint about her bank further and I can't compel her to do so. And I don't think it would be fair to reduce her compensation because she's only complained about one firm, as I consider that Revolut should have prevented the loss following the exchange in the live chat.

Should Miss B bear any responsibility for her losses?

I've considered the evidence carefully to decide what's fair and reasonable. I fully understand the fear of sensitive personal information being leaked put Miss B under extreme pressure to continue making payments. But at the same time, it's clear she was aware by 25 July that she was being scammed/blackmailed and I think she should have realised by this stage that she was unlikely to get back any further

money she sent. While I appreciate this would have been difficult to do, I think she should have refused to send any more money to prevent any further loss.

In the circumstances, I think Miss B should bear some responsibility for the ongoing loss and that it's fair and reasonable for Revolut to make a 50% deduction from the redress payable.

Recovery of funds

I've also looked at whether Revolut could or should have done more to try and recover Miss B's losses once it was aware of the circumstances in which the payments were made.

The mechanism for recovering money paid by debit card is the chargeback scheme. This is a voluntary agreement between card providers and card issuers who set the scheme rules and is not enforced by law. A chargeback isn't guaranteed to result in a refund, there needs to be a right to a chargeback under the scheme rules and under those rules the recipient of the payment can defend a chargeback if it doesn't agree with the request.

I'd only expect Revolut to have pursued a chargeback claim if it was likely to be successful and it doesn't appear that would have been the case here. Miss B paid legitimate merchants and the services she paid for were provided, albeit she didn't benefit from them. In the circumstances, I don't think anything else that Revolut could have done would have been likely to succeed in recovering her money.

In conclusion

For the reasons I've explained, I don't think Revolut acted fairly and reasonably in its dealings with Miss B and I'm proposing to uphold this complaint in part. While I don't think it acted incorrectly in processing payments before the live chat on 25 July, I think further payments could have been prevented if it had reacted to this conversation as it should have.

The responses to my provisional decision

Revolut confirmed it had nothing further to add. Miss B didn't accept my provisional decision. She believes Revolut should have realised earlier that something was wrong and been more proactive in contacting her. She also says she experienced difficulty contacting Revolut herself and that it didn't provide adequate support when she did. She thinks it should refund all the money she lost, pointing to her vulnerability and the stress this whole situation has caused, the effects of which she still suffers from.

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, my findings haven't changed from those I set out previously. I haven't necessarily commented on every single point raised. I've concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

As explained previously, I'm satisfied the steps Revolut took to protect Miss B up to 25 July were proportionate with the risks the payments presented. I've not seen anything in the evidence provided to make me believe there were any additional reasons for Revolut to think she was at risk of harm or that it was aware she was vulnerable. According to the chat history provided, the only contact she had with Revolut before 25 July was on 19 July when she asked it to cancel a payment she said had been a mistake.

This notwithstanding, Revolut should have acted differently following Miss B's conversation with its agent on 25 July and that's the reason I'm recommending a partial refund of payments from this date. I appreciate she feels Revolut should have provided more support at the time and the additional award of £250 is intended to compensate her for the additional unnecessary distress and inconvenience caused by this failure.

I can see this whole episode has been extremely upsetting for Miss B and that it still affects her to this day. That's completely understandable and I offer my best wishes as she continues to cope with the impact. But the issue I have to decide here is to what extent Revolut is responsible for her loss and it remains my view that it should bear responsibility for 50% of the loss from 25 July and not before.

Putting things right

The principal aim of any award I make must be to return Miss B to the position she'd now be in but for the errors or inappropriate actions of Revolut, while allowing for any responsibility she should reasonably bear. If Revolut had acted to prevent further payments after she explained her circumstances on 25 July, I'm satisfied the following payments would have been prevented:

Date	Amount £	Payee
25 Jul	421.89	Merchant 1
26 Jul	421.53	Merchant 1
26 Jul	508.12	Merchant 1
26 Jul	415.43	Merchant 1
26 Jul	291.08	Merchant 2
27 Jul	512.10	Merchant 1
27 Jul	424.71	Merchant 1
27 Jul	512.10	Merchant 1
27 Jul	387.09	Merchant 2
27 Jul	208.97	Merchant 3
28 Jul	339.06	Merchant 4
29 Jul	291.16	Merchant 4
29 Jul	320.10	Merchant 4
31 Jul	396.68	Merchant 5
31 Jul	91.64	Merchant 3
1 Aug	336.65	Merchant 5
2 Aug	84.90	Merchant 5
2 Aug	279.11	Merchant 5
2 Aug	100	Merchant 6
3 Aug	252.14	Merchant 5
3 Aug	150	Merchant 6
3 Aug	100	Merchant 6

As outlined above, I've applied a 50% deduction to the amounts to be refunded in recognition of Miss B's own contribution towards the loss.

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

- A = a refund of 50% of each of the payments listed 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.

The account history shows Miss B received a refund of £278.20 from merchant 5 on 4 August. Revolut should deduct this from the amount being refunded in respect of payments to that merchant.

Interest is intended to compensate Miss B for the period she was unable to use this money. HM Revenue & Customs (HMRC) requires Revolut to deduct tax from any interest. It must provide Miss B with a certificate showing how much tax has been deducted if she asks for one.

Understandably, I think it's also clear that this whole episode has caused Miss B a great amount of distress and inconvenience. I'm conscious that most of this should be attributed to the actions of the blackmailer, but I think Revolut's failure to prevent further loss after it became aware of what was happening would only have compounded the situation and I believe she should be appropriately compensated for this.

The amount to award for a customer's distress and inconvenience can be difficult to assess as the same situation can impact different consumers in different ways. But in the circumstances, I think Revolut should pay additional compensation of £250 for its part. This is in addition to the redress outlined above.

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 Miss B'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 Miss B to accept or reject my decision before 16 October 2025.

James Biles
Ombudsman