

The complaint

Mr C is complaining about Revolut Ltd because it declined to refund money he lost as a result of fraud.

What happened

Sadly, Mr C fell victim to a cruel impersonation scam after he was contacted by scammers claiming to be from HMRC. On 23 July 2024, he was tricked into setting up a new Revolut account and using it to make the following transfers to a number of different payees:

No	Payee	Amount £
1	Payee 1	199.99
2	Payee 2	99.99
3	Payee 2	99.10
4	Payee 2	98.99
5	Payee 1	99
6	Payee 1	98
7	Payee 1	97.99
8	Payee 1	97.50
9	Payee 1	98.50
10	Payee 1	99.50
11	Payee 1	99
12	Payee 1	98.70
13	Payee 1	96
14	Payee 1	95
15	Payee 3	49.50
16	Payee 3	49
17	Payee 3	48
18	Payee 3	47.50
19	Payee 4	49.99
20	Payee 4	48.99
21	Payee 3	49.10
22	Payee 3	48.10
23	Payee 3	47.10
24	Payee 3	46.10
25	Payee 3	49.20
26	Payee 3	48.20
27	Payee 3	47.20
28	Payee 3	46.20
29	Payee 4	49.50
30	Payee 4	48.60
31	Payee 3	49.30
32	Payee 3	48.30
33	Payee 3	47.30
34	Payee 3	46.30

The payments all took place in the space of just over two hours. After the scam was reported to Revolut on 24 July, it was able to recover £391.63 from the payments to payee 1. The rest of the money was lost to the scam.

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 Mr C 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;*
- *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 Mr C.

The payments

One of the key features of a Revolut account is that it facilitates payments that sometimes involve large amounts and/or transfers to overseas accounts and I must take into account that many similar payment instructions it receives will be entirely legitimate. I'm also conscious this was a new account and there was no history of past activity against which these payments might have looked suspicious. Finally, I need to consider Revolut's responsibility to make payments promptly.

Having considered what Revolut knew about the initial payments at the time, including that the amounts were low, I'm not persuaded it ought to have been

concerned and I can't reasonably say it was at fault for processing them in line with Mr C's instructions.

By the time of payment 9, however, Mr C had made a number of payments to two payees in a very short space of time and on the same day as he'd opened the account. This is when I believe a pattern consistent with many known types of scam had begun to emerge and when Revolut should have identified he was at risk of harm from fraud.

Aside from asking Mr C to confirm that he knew and trusted each new payee, Revolut has confirmed that it didn't intervene in the payment process until after the first 14 payments had left his account.

But Revolut says it did intervene when Mr C tried to make a further payment for £198, which he then cancelled, before continuing with the series of payments outlined above. This intervention involved Mr C being shown a screen warning that something didn't look right and he may be falling victim to a scam. There's no record of Revolut intervening further in any payments after this.

When it did intervene after payment 14, Revolut didn't attempt to find out the reason for the payment or provide warnings about any particular types of scam. Given the concerning nature of this series of payments, I don't believe this response was adequate. Our investigator concluded that a proportionate response to the risks presented by payment 9 would have been for Revolut to have contacted Mr C to find out more about the payments being made. And that if it had done so, the scam would have been uncovered and further losses prevented. I'm satisfied this is a reasonable assessment of the situation and Revolut accepted this.

Should Mr C bear any responsibility for his losses from payment 9 onwards?

I've considered the evidence carefully to decide what's fair and reasonable and it's my view that it would be unfair to hold Mr C responsible for his losses from payment 9 onwards. This was a sophisticated scam where the scammers had many of his personal details and were able to spoof official numbers and produce fake documents that appeared to be from HMRC, all of which would have helped make their requests for payment appear legitimate. As an overseas national who'd only been working in the UK for a short time, I don't think it was unreasonable for Mr C to go along with what he was told, particularly as he was being threatened with legal consequences if he didn't.

I have taken note of the warning Revolut did provide. But as I've said, this was very generic in nature and didn't relate to the scam that was unfolding. I think it's also important to remember that this all happened in a very short space of time and that the scammers actions were intended to create a sense of urgency and panic to ensure Mr C took actions he might not have taken if he'd had time and space to consider things more carefully. In the heat of the moment, I don't think his actions were unreasonable and I don't propose that Revolut should make a deduction for his contribution to the losses being refunded.

Recovery of funds

I've also looked at whether Revolut could or should have done more to try and recover Mr C's losses once it was made aware that the payments were the result of fraud on 24 July.

Revolut did react promptly and was able to recover some money from one of the payees. But 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 it's not a surprise that it wasn't able to recover any more. In the circumstances, I don't think anything that Revolut could have done differently would likely have led to more money being successfully recovered.

In conclusion

For the reasons I've explained, I don't think Revolut acted fairly and reasonably in its dealings with Mr C and I'm proposing to uphold this complaint in part. While I don't think it acted incorrectly in processing payments 1 to 8 in line with his instructions, if it had carried out an appropriate intervention before payment 9 left his account, I'm satisfied payments 9 to 34 would have been prevented.

The responses to my provisional decision

Revolut made no further comment in response to my provisional decision. Mr C didn't accept it. He feels responsibility for the fraud is being completely shifted onto him and that Revolut, who he feels is the main party responsible, is being kept as far away from accountability as possible. He's also re-emphasised the health problems he's now experiencing, which he attributes to this episode, and the difficulties with obtaining appropriate treatment. He believes he should receive a full reimbursement of the funds lost to the fraud.

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 recognise the strength of Mr C's feelings about this complaint and I'm genuinely sorry to hear of the medical problems he's currently experiencing and I sincerely wish him all the best as he continues to deal with this situation. But as I've said previously, I don't think he's provided clear medical evidence to show these problems resulted solely from the fraud rather than other possible cause or underlying issue. Without such evidence, I don't believe I can reasonably conclude that additional compensation beyond what I've already proposed is required.

The main party responsible for the fraud and its consequences is the scammers themselves. Nonetheless, I do think Revolut should have identified Mr C may be at risk of harm from fraud before payment 9 left his account. And that if it had acted as it should have in this situation, any further loss would have been prevented. This is why I'm holding it responsible from that point and making award based on a full refund of those losses less the money it was able to successfully recover. As I don't think Revolut had any particular reason to suspect fraud before payment 9, I'm not requiring it to compensate for those payments.

I appreciate this isn't entirely the outcome Mr C was hoping for. But I believe it's a fair assessment of the extent of Revolut's responsibility for his losses and how he should be compensated.

Putting things right

The principal aim of any award I make must be to return Mr C 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 C would have retained the money that was lost from payment 9 onwards.

Revolut was able to recover some of the money that was sent to one of the payees involved in the scam but it's not clear which specific payments this amount related to. To fairly take account of the money that was returned, I think it should be deducted from the amount lost by apportioning it proportionately across all payments made to the scam.

To put things right Revolut should pay Mr C compensation of $E + F$, where:

- A = the total of payments 1 to 34, representing the total of the payments to the scam;
- $B = £391.63$, representing the amount returned to him;
- $C = A - B$, representing the total loss to the scam;
- $D = C$ divided by A as a percentage, representing the proportion of A that was lost to the scam;
- E = a refund of the percentage in D of each of payments 9 to 34; and
- F = simple interest on each amount being refunded in E at 8% per year from the date of the corresponding payment to the date compensation is paid.

Interest is intended to compensate Mr C 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 C 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 C'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 C to accept or reject my decision before 23 October 2025.

James Biles
Ombudsman