

## **complaint**

Mr S and Ms W complain on behalf of a Limited Liability Partnership (LLP), 'T' that Revolut Ltd didn't do enough to help T when they were the victims of a scam.

For ease of reading, and as he's taken the lead in bringing the complaint, I'll mostly only refer to Mr S, where I mean T.

## **background**

The detailed background to this complaint is well known to both parties. So, I'll only provide an overview of some key events here.

In March 2019 T were unfortunately the victims of a scam. Mr S instructed two payments from T's account to pay for some work in relation to his business. Unfortunately, the invoice he'd received had been hacked and the genuine bank details had been replaced by those of a scammer. So, the two payments went to the scammer's account rather than to the correct recipient as Mr S had intended.

The payments made as a result of the scam were £1,000 on 12 March 2019 and then £19,177.85 on 13 March 2019. Both payments went to an account held with Revolut.

By 21 March 2019 Mr S realised he'd been the victim of a scam and reported this to his bank who in turn contacted Revolut. Revolut said that by this point all the funds had already been withdrawn from their customer's account.

Mr S complained. He was unhappy that Revolut had allowed a scammer to open and operate an account, he holds them responsible for the loss. Revolut responded to the complaint. In summary they sympathised with Mr S' position, but said they do all the correct checks before opening an account and felt they'd acted promptly once made aware of the scam. So, they didn't think they needed to do more.

Before 31 January 2019, generally a sender could only complain to the Financial Ombudsman Service about their own bank in Authorised Push Payment (APP) scam cases. But Mr S' right to refer, to our service, his complaint about the receiving/beneficiary bank comes about following changes made by the Financial Conduct Authority (FCA) to our jurisdiction rules. These now allow, in limited circumstances, eligible complainants to refer complaints about the bank that received their funds.

The matter was referred to our service and one of our investigators thought the complaint should be partially upheld. She didn't think Revolut could have prevented the loss of the initial £1,000 payment. But she thought they could have done more following the second, payment and recommended that it be refunded along with 8% interest.

Mr S accepted the investigator's recommendation. Revolut disagreed and asked for an ombudsman to review the complaint. Initially I reached the same overall outcome as our investigator, but for slightly different reasons. So, I shared these with Revolut and gave them a further opportunity to comment. Now I've done so, I can go ahead with my final decision.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In the circumstances of this complaint, I'm satisfied that Revolut correctly followed their account opening procedures in relation to the scammer's account. And whilst I'm unable to share the details of the third party involved, I'd like to assure Mr S that I've carefully reviewed this and there wasn't anything that I think reasonably could have alerted Revolut that the account they were opening would later be used for fraud. They conducted appropriate checks in line with their obligations to do so.

I also agree with our investigator that there was nothing unusual about the account activity following the £1,000 payment into the scammers account that reasonably could have given Revolut reason to intervene. I don't think it was unreasonable for Revolut to follow their mandate which was to process the transactions their customer authorised and I don't think Revolut could have prevented the loss of the £1,000.

Revolut have obligations to monitor accounts for unusual or suspicious activity. In the circumstances of this complaint I'm pleased to see that the activity following Mr S's large credit to the account was identified as unusual by Revolut. I agree the account activity at that point was unusual and worthy of further scrutiny by Revolut. And whilst certain steps were taken by Revolut in relation to that activity, I don't think they went far enough. There was more Revolut could and should have done.

Revolut have highlighted that certain steps were taken by their banking partner and have sought to highlight the difference between that and actions they themselves took. I've considered this, but ultimately, the scammers account was with Revolut and whatever arrangements they may have in place to administer their accounts and payments, Revolut retain responsibility. If Revolut had gone further, as I think they should have, it's more likely that the second payment Mr S sent would have remained in the account and would have been available for recovery when the scam was reported.

And whilst I take on board that there was no requirement when crediting the payment to their customers account for Revolut to check the named beneficiary on the payment instruction matched the named account holder, once Revolut were looking at the account (as a result of the unusual activity) they would have seen Mr S' incoming payment had a different beneficiary name to that of the account holder. So, I think this would have been enough for Revolut to have had concerns that something might be amiss here and to ask their customer to explain their entitlement to those funds. I've not seen anything to persuade me that the account holder would have been able to provide a plausible explanation for the beneficiary account name mismatch or that they would have been able to evidence their entitlement to those funds.

As such I think all except the initial £1,000 that was transferred from the account should be refunded to T along with 8% simple interest (yearly) to compensate for T not having access to and the use of those funds for that period of time.

## **my final decision**

For the reasons outlined above, my final decision is that I uphold this complaint in part. Revolut Ltd must:

- Pay T £19,177.85
- Add to that amount 8% simple interest (yearly) to be calculated between the date of T's loss and the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 26 May 2021.

Richard Annandale  
**ombudsman**