

The complaint

Mr M complains that Revolut Ltd didn't do enough to prevent his loss when he became the victim of an investment scam.

What happened

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

In late 2019 Mr M was contacted by a trading company, who I'll refer to here as Company A, about investing in shares. Between November 2019 and August 2020 Mr M was persuaded to invest money in buying and selling shares. He made a total of seven transactions – one payment in Euros of 16,269.72 and six payments in US Dollars totalling 23,058.

In late 2020, Mr M contacted Company A about withdrawing some of the investment returns he'd been promised. When this wasn't forthcoming, and Company A asked him to pay more money to secure the returns, Mr M became suspicious that he'd been the victim of a scam. He contacted Revolut in January 2021 to complain that it hadn't done enough to protect him.

Revolut said Mr M had authorised the payments and they'd not triggered any of its fraud prevention alerts – as it said they weren't out of character for his account activity. Revolut added that even if the payments had triggered a warning, it thought it unlikely it would've made a difference given Mr M had been investing with Company A over a nine month period.

Revolut didn't attempt to recover Mr M's funds until November 2021, but no response was received from the beneficiary banks. Revolut accepted this should've been done sooner and that its customer service could've been better – and has offered Mr M £100 compensation. But it thinks the delay made no difference to the outcome, given Mr M made the last transaction five months before he contacted Revolut about the scam.

Mr M referred his complaint to the Financial Ombudsman. He maintained Revolut could and should have done more to prevent his loss.

Our investigator considered the complaint but didn't uphold it. She found Revolut had acted fairly and reasonably in the circumstances. She also thought the £100 Revolut offered for its poor customer service was fair.

Mr M didn't agree and has asked for an Ombudsman's review. He said Revolut hadn't acted in his best interests. He said he was vulnerable to scams such as this – and so Revolut should've done more to protect him. Mr M has referred to BSI PAS:2017 17271 in support of his belief Revolut ought to have intervened in the payments. In particular, Mr M said Revolut should've contacted him about the payments and challenged their authenticity. He said reimbursement of his funds by Revolut was the only fair and reasonable outcome.

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 decided not to uphold this complaint for similar reasons to that of the investigator. I know this is not the answer Mr M was hoping for and so this will come as a disappointment. I'm really sorry to hear he has been the victim of a scam and has lost a considerable sum of money as a result. I can understand why he'd want to do all he can to recover the money he lost. But I need to decide whether Revolut can fairly and reasonably be held responsible for Mr M's loss. Overall, I've decided that it can't be. I'll explain why.

I've read and considered the whole file. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome.

I'm satisfied Mr M has unfortunately been the victim of a sophisticated investment scam. I can understand how this is deeply upsetting for him.

Under regulations, and in accordance with general banking terms and conditions, authorised payment instructions should be actioned without undue delay. The starting position is that liability for an authorised payment rests with the payer even if they're duped into making that payment, for example to an investment scam.

However, in accordance with the law, regulations and good industry practice (including that which Mr M has referred to), Revolut has a duty to protect its customers against the risk of fraud and scams so far as is reasonably possible. If, in breach of that duty, it fails to act on information which ought reasonably to alert it to potential fraud or financial crime, it might be liable for the losses incurred by its customer as a result.

So, taking all of this into account, I need to decide if Revolut acted fairly and reasonably in its dealings with Mr M when he made the payments, and whether it should've done more before processing the payments. I also need to decide if Revolut ought to have done more than it has already done to recover the funds after Mr M reported the scam.

There doesn't appear to be any dispute that Mr M was duped into making the payments. All transactions were made via online transfers on the advice of representatives of Company A – who contacted Mr M and assured him they could offer sound advice on how to invest. Mr M has told us that he was promised high returns from the investments but has received nothing. So, I conclude that these were authorised payments – for which Mr M is liable, unless there is evidence that Revolut could and should reasonably have done more to protect him, which issue I now turn to.

Mr M made the following transactions between November 2019 and August 2020.

Date	Amount
21/11/2019	\$2,525
13/2/2020	€16,269.72
03/6/2020	\$5,254 (returned)
09/6/2020	\$5,254
22/7/2020	\$5,195
18/8/2020	\$1,200
18/8/2020	\$3,500
20/8/2020	\$5,384

With the exception of the €16,269.72 payment (which I'll come to below); I don't think any of the other payments were sufficiently unusual to have warranted an intervention by Revolut.

While I accept these payments are larger than other payments made on Mr M's account in the previous 12 months, they're not *unusually* large amounts in more general terms, and I have to bear in mind that it's not uncommon for people to make larger payments from time to time to a new or existing beneficiary in a normal operating account. Also, some of the earlier payments would have had the effect or 'normalising' that account activity to an extent.

The €16,269.72 is not an insubstantial sum and so I have considered whether Revolut ought to have triggered its alert systems such that it ought to have questioned whether Mr M was at risk of financial harm in relation to that payment. From Mr M's bank statements in the preceding 12 months, I can see that he made another one off payment for £23,500 in January 2019. And so, I can see why Revolut didn't consider the €16,269.72 payment to be unusual.

But I can also see that Mr M was interacting with Revolut on 12 February 2020 via its chat function about this payment. He said he was trying to make an international payment and was having trouble doing that on his phone. I think this interaction presented Revolut with a natural opportunity to ask Mr M about the payment – particularly given it was a large amount and was going to a new overseas beneficiary.

However, it's hard to see how Mr M would be in a different position had Revolut intervened. I've no reason to doubt that Mr M would have truthfully explained the reasons for his payment as he saw it at the time. That being that he was making the payment towards an investment. I'd then have expected Revolut to have provided a suitable scam warning and to have recommended that Mr M satisfied himself that this was a genuine investment opportunity.

But Mr M has said himself that he wouldn't have discovered the scam through reasonable diligence checks given the lengths Company A went to in orchestrating such a convincing scam. And he only became concerned when he tried to withdraw his returns in late 2020 – some months after making the last transaction. Whilst I can see there are warnings online now about Company A – I've seen no evidence to suggest those warnings were available during the period in question.

In summary I'm not persuaded Revolut reasonably ought to have intervened in the (relatively) lower valued payments. And whilst I think it's a reasonable expectation for Revolut to have asked some questions due to the interaction around the larger payment, I don't believe Mr M's position would be different given the extent he'd been duped by Company A.

When Mr M realised he'd been the victim of a scam, he contacted Revolut. But this wasn't until January 2021, five months after he made the last payment to the scammer. Revolut contacted the beneficiary banks in November 2021 to see if any funds remained. No responses were received.

I accept that prompt action to try and recover funds can increase the likelihood of those funds still being available. However, I'm also aware that funds are often removed very quickly from the beneficiary account in the case of scams. And I must keep in mind that international recovery attempts are often more difficult. And so, even if Revolut had tried to recover the funds sooner, I think it's unlikely to have resulted in a different outcome – particularly as the last payment was made in August 2020 and Mr M didn't contact Revolut until January 2021. So, whilst I think Revolut could have acted sooner than it did, I'm not persuaded this would've made a difference. Ultimately none of the beneficiary banks responded when contacted. I don't see how or why this would have been different had they been contacted sooner.

Taking everything into account, I don't think it would be fair or reasonable to hold Revolut responsible for Mr M's loss in this particular case.

Revolut has accepted it could've handled things better when Mr M told it about the fraud – especially given the time it took to try and recover the lost funds. It's offered Mr M £100 for the difficulties he faced. This seems fair to me in the circumstances of this complaint, and in line with what I'd expect to see in similar cases. So, I won't be asking Revolut to increase its offer. If Mr M wants to accept the £100, then he should arrange that directly with Revolut.

My final decision

For the reasons I've explained, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision **before 1 June 2022**.

Anna Jackson
Ombudsman