

## **The complaint**

Ms I is unhappy that Revolut Ltd only partially refunded her money she lost as a result of an investment fraud.

## **What happened**

Ms I held an account with Revolut. In 2020, Ms I was looking for potential investments on the internet and came across a business she was interested in.

Ms I says she carried out research on the company by looking at reviews left by other investors and was satisfied with the positive reviews she'd seen.

When she made contact with the business, she was sent a number of brochures outlining their services and testimonials. She was also shown positive results from previous successful investments.

Ms I was satisfied regarding the legitimacy of the firm and decided to invest through one of the business' account managers in stocks and commodities. Ms I was told she'd yield a potential annual profit of between 10-30%.

Ms I agreed to make two make two transfers to international bank accounts from her Revolut account:

1. Payment of £4,256.68 made on 24 March 2020
2. Payment of £4,957.65 made on 20 April 2020

Ms I began to become suspicious of the company when she was asked to pay fees when she'd not been given any of her returns. This eventually led to Ms I realising she'd been a victim of fraud and she reported the matter to Revolut.

Revolut considered Ms I's claim and decided to reimburse her the first payment made. It also provided her with a payment of £637.77 for interest and the distress and inconvenience caused. However, it decided not to reimburse the second payment.

It said that it was holding Ms I liable for this as there were several warnings issued about the investment firm and negative reviews posted prior to her making the second payment. It therefore felt she could have conducted more due diligence checks before authorising the payment.

Ms I disagreed, so she referred her complaint to our service where it was considered by an Investigator. The Investigator concluded that Revolut had acted fairly in the circumstances and didn't recommend that it needed to do anything more. In summary, they felt that as the account from which the payment was made was only set up shortly before the event, it was difficult for Revolut to identify where a transaction was out of character for the account. As such, he didn't think that Revolut needed to have intervened in the payments.

Ms I, through her representative, disagreed. The representative argued that there was a payment prior to the transactions subject to this dispute: and this was significantly smaller.

They also pointed out that there were other risk indicators present, such as a payment to a new payee and to an account overseas.

As Ms I disagreed with the Investigator's assessment, the complaint has been passed to me for a final decision.

### **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.

In deciding what is fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

Firstly, it's accepted by both parties here that Ms I authorised the payments subject to this dispute. While I acknowledge that these payments were made as a result of a cruel fraud being committed against her, under the Payment Services Regulations 2017 she is deemed liable in the first instance.

However, taking into account the above, I consider Revolut should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and 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 businesses are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

In the circumstances of this complaint, Ms I had only opened the account less than two months prior to first payment to the fraudsters. And in that period, Ms I had only made one outgoing payment of £100. So, Revolut wouldn't have held sufficient data on the account that would have allowed it to deem what was unusual or out of character in terms of payments and activity.

Ms I's representative has argued that these payments were out of character as they held numerous risk factors associated with payments from victims of fraud: they were to new payees and to international accounts. However, I don't agree that this was sufficient to give cause for concern.

One of the services Revolut offers is competitive rates and fees on international money transfers. So, it wouldn't be unusual that customers open accounts with Revolut solely for the purpose of making international transfers. And as the account was new and almost unused, naturally any new payments set up on the account would have been to a new payee. I also don't find it reasonable to expect Revolut to have taken the first payment on Ms I's account as her usual spending pattern as one hadn't yet been established.

I must also acknowledge that a payment service provider is obliged to make payments in

line with its customer's instructions with undue delay. And this can be a complex issue to tackle against the bank's obligations I've highlighted above where its services are used in a more flexible manner than traditional bank account services.

So, overall, I'm not persuaded that the first transaction Ms I made to the fraudsters should have been stopped by Revolut and scrutinised further.

At the point Ms I had made the second payment to the fraudsters, there had already been an international payment on the account for a similar value. So again, this wouldn't have appeared out of character. The second payment was also made almost one month after the first, indicating that there was no urgency between the two. Larger payments made in quick succession can be cause for concern, but I'm not persuaded that is the case here.

While I appreciate some of the arguments made by Ms I's representative on her behalf, I also wanted to point out that even had Revolut intervened in the first payment, I'm not persuaded this would have made a difference to the outcome.

At the time Ms I had made the first payment, there were no warnings regarding the firm on the Financial Conduct Authority's website. Ms I has also told our service that she found the company's website to be professional and had read positive reviews online from other investors that had dealt with it.

The fact that Ms I had carried out these checks before deciding to invest in the company shows that she was taking steps to ensure her money wasn't at risk. And those checks did provide her with those reassurances. While Revolut may have been able to inform Ms I of the relevant features associated with investment scams, I think she'd already satisfied herself that this wasn't the case here.

There are limited checks a business can carry out at the point it intervenes in a payment, and considering Ms I has already carried out a number of due diligence checks, I don't think it could have done any more. Nor did the circumstances here contain indicative features of investment frauds, such as being approached via cold calls and being provided with unrealistic promised returns.

Revolut decided to refund Ms I back the first of the two transactions, along with 8% simple annual interest and £50 as a gesture of goodwill. As I don't find Revolut made an error, I won't be asking it to do anymore.

### **My final decision**

For the reasons I've provided above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms I to accept or reject my decision before 24 February 2023.

Stephen Westlake  
**Ombudsman**