

## The complaint

Ms K is unhappy that Revolut Ltd has decided not to refund her after she was the victim of an investment scam.

## What happened

- Ms K opened a new account opened with Revolut and the transactions as part of this scam began the following day.
- Ms K's account was flagged on 24<sup>th</sup> November 2020 and Ms K was informed in the in-app chat that the account had been restricted for a security review.
- On 15<sup>th</sup> December 2020 Ms K said she wanted to close the account, but Revolut advised this couldn't be done as the account was still under review.
- On 20<sup>th</sup> January 2021 Ms K contacted Revolut to say she had been the victim of an investment scam.
- After the complaint was brought to our service Revolut reviewed everything and decided to make an offer of £10,750 to settle the complaint as a goodwill gesture. Ms K sent £45k to scammers from her Revolut account, in just over 3 weeks. Revolut blocked the account after £45k had left the account.
- Two card payments for £1,000 each were declined on 20 November 2020 because the merchant was blocked.

One of our investigators initially looked into things she thought that by the 23 November 2020 (after six previous transactions to crypto companies) the transactions were high enough in value and so unusual, that Revolut ought to have been concerned that Ms K could have been at risk of financial harm at this point.

She went on to say that if Revolut had intervened at this point it could have exposed and prevented the scam. She recommended the final two payments that Ms K made of £10,000 and £5,000 (with 8% simple interest being paid on these two payments from the date they were made to the date of settlement) should be refunded along with the £10,750 that it already offered.

Revolut disagreed. It said:

- It had adhered to its terms and conditions and processed the payments in line with Ms K's instructions. And those T&Cs go on to say it is not responsible, if the payment is made to the correct account.
- As the account was new, Ms K moved large amounts of money from the outset. Therefore, the transactions the investigator had said were unusual, weren't, as they had become part of Ms K's regular activity on the account. And it had no reason to believe these payments related to a scam.
- It said Revolut provides a cheaper service than others, for cross-currency conversion and transfers. And it is highly regular for its accounts to be used in this way.
- It didn't think it would have exposed the scam – Ms K was investing for some time

prior to 23 November 2020 and was therefore convinced it was genuine. The scam was sophisticated and verbal interaction wouldn't have exposed it. And Ms K would have likely said she knew the person she was paying and this wouldn't have caused concern.

The investigator went on to make a formal finding on the complaint and in summary, she said the following:

- the broad regulatory landscape obliges banks to protect its customers from fraud and financial harm.
- She thought Revolut should've taken more action than it did. She thought the payments from Ms K's account were unusual as they were in quick succession and for large amounts. So, she thought Revolut should have contacted Ms K to discuss the payments.
- She said if Revolut had contacted Ms K the scam would have been exposed. She said she thought Ms K would have said the payments were related to investments and she would have said that she'd met someone online via a dating website. That he was encouraging her to make these payments and they had only been talking for a short time before he introduced the idea of investing. And that all communication had taken place over text message. And if all that had been discussed she felt the scam would have been exposed.
- She also acknowledged that if asked why she thought it was genuine Ms K would have said she was able to withdraw funds on the first day she invested. But the investigator thought this was a well-known tactic that scammers use to earn trust from the outset – something which she thinks Revolut could have warned her about.
- She didn't think Ms K should bear any responsibility for her loss, as she had researched the company and it was genuine – but she had been redirected to use a fake/cloned version of the investment platform. She was able to withdraw funds on the first day which made it seem reasonable and trustworthy.
- She recommended that Revolut refund the Ms K from the 7<sup>th</sup> payment onwards – totaling £31,000. And pay 8% simple interest from the date the payments were made to settlement.

Revolut disagreed it said:

- The payments were authorised by Ms K, and it had an obligation to execute those payments. And its terms and conditions state it is not liable in these circumstances.
- This was a new account and Ms K moved large amounts of funds from the offset, and so the transactions had become the customers "regular pattern of activity" and not unusual or suspicious. She opened the account and appeared to use it for the sole purpose of moving funds to crypto wallets. It's highly regular for accounts to be used in this way, and it is not, in itself, suspicious and so it didn't agree the payments ought to have flagged.
- The customer ought to be held, at least partially liable, as she decided to trust an unknown third party she met via a dating app. She'd never met in person and then start investing on their advice. The dating app is not a platform for business and Ms K ought to have been aware of this. It believes she failed to meet her due diligence obligations prior to making the payments and/or deciding to invest in crypto-currencies. She also failed to evaluate the risk of investment and the legitimacy of the transfers to unknown beneficiaries.
- It doesn't think intervention here would have made a difference as Ms K would have said she knew the people she was dealing with. It doesn't think it would have

exposed the scam and it had been ongoing for some time and Ms K was convinced it was genuine.

- Revolut is also aware that this scam involved another bank account that Ms K held. And it is aware that Ms K was questioned about the transactions from that account and was warned about scams and still decided to proceed. So, it thinks the outcome would have been the same if it had intervened.
- And despite Ms K's account being restricted for review she didn't contact Revolut to say she had been the victim of a scam for another two months – suggesting intervention at the point the account was restricted wouldn't have exposed the scam either.

A second investigator looked into the complaint. She didn't uphold the complaint. In summary she said:

- The previous investigator felt the scam would have been uncovered if Revolut had intervened and spoken to Ms K. But she didn't agree. She had since reviewed the conversation Ms K had had with her other bank account provider, where the scam wasn't exposed, despite Ms K receiving various warnings about crypto-currency scams.
- Whilst she thought Revolut ought to have identified the payments as unusual or suspicious she didn't think it would have made a difference here. Having listened to the call Ms K had with her account bank account provider she thought it was likely Ms K would have given the same information – where she said all the transactions were genuine and no third party was involved. She'd also been told to take out a loan and not tell the truth about the reason for the loan and this didn't ring any alarm bells for Ms K. So overall she didn't think it was likely that Ms K would have given the detail about what she was doing that wouldn't have sounded suspicious so that Revolut could have exposed the scam.
- She went on to say she thought the offer from Revolut was fair and she wouldn't be recommending any further refund.

Ms K didn't accept the investigators findings. She said Revolut didn't have the procedures in place to block high value payments without further authorisation - which other banks do. The investigator explained she'd concluded that even if Revolut had blocked and intervened in the payments, it wouldn't have made a difference. She'd said this because the evidence of the phone call with the other bank was compelling. The conversation was three days after she had made the last payment on her Revolut account. And she concluded it was likely Ms K would have given the same answers to any questions Revolut would have asked at the time. And as she was still very much "*under the spell*" of the scammers at this point, so she didn't think a call with Revolut would have exposed the scam here.

As Ms K didn't accept the investigators findings the complaint has been passed to me to consider.

### **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 come to the same conclusions as the investigator for largely the same reasons.

I don't agree with Revolut that the payments weren't unusual because it was a new account. Or that because the account was initially used for large value payments that these become part of the normal running of the account and wouldn't be considered suspicious. Even if Revolut operates with cheaper fees for currency conversion and that is how most of its account are used, this doesn't mean it shouldn't be on the look-out for unusual transactions or consider if their customers could be at risk of financial harm.

And I think there is an argument that Ms K's account activity could have been considered as unusual. I say this because card payments to one crypto-currency provider (B) are blocked and two payments made by Ms K were unsuccessful for that reason. So, it follows that bank transfers to several other crypto-currency providers for large amounts over a short period of time could be considered as unusual and an indication that their customer could be at risk of harm. So, I think there is an argument here that Revolut ought to have been concerned about how Ms K was operating the account. And indeed, it did have concerns as the account was restricted a month after it was opened.

But I have to go on to consider if intervention by Revolut would have made any difference here and prevented Ms K's losses. And I'm not persuaded it would have. I say this because:

- As well as using her Revolut account to make payments towards the scam investment, she also used another bank account. She initially started with payments from her Revolut account, but after her Revolut account was restricted she carried on making payments from her other bank account. She continued to make payments for another month, and the scam wasn't exposed for another a further month after that.
- Ms K also spoke to her other bank account provider on the phone. And this conversation has formed part of my thinking in deciding this case. In the conversation Ms K is asked some questions about what the payments are for, and if anyone else is involved or prompting her to make the payments. She says no-one else in involved.
- Other questions are asked, and she isn't truthful about the background and reasons for making the payments. It's not clear why Ms K didn't reveal how she had come across the specific investments she was making, I can't see that she was told to specifically cover this up or say something else. But she doesn't reveal anything about a third person or how she was advised to invest when speaking to the bank so I'm not persuaded she would have provided this information if speaking to Revolut either.
- So, I have to consider if that would have also been the case if Revolut had intervened with the payments. And I think its likely the conversation would have been similar and she would have proceeded with the payments.
- Ms K wasn't suspicious about what she was being asked to do by the scammers, she trusted what she was being told and she didn't find it suspicious that she wasn't able to tell the truth about the reasons for her actions.

- So I'm not persuaded that Revolut could have gone further and exposed the scam here. I have no reason to think she would have given different answers to any questions she would have been asked or revealed more about what she was doing and why. And that in turn wouldn't have caused Revolut to be suspicious, or go on to prevent her from sending the money or expose the scam. So, I don't think Revolut would have prevented her losses.

Revolut has offered a refund of £10,750 as a gesture of goodwill. I think this is fair offer in the circumstances and I don't think it needs to refund anything further.

### **My final decision**

The offer from Revolut Ltd is fair and it doesn't need to refund anything further to Ms K.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 9 March 2023.

Sophia Smith  
**Ombudsman**