

The complaint

Mr S complains that Revolut won't refund the funds he lost in a scam.

What happened

Mr S is represented in this case but for ease I'll refer to Mr S throughout this decision.

What Mr S says

Mr S says he received a call from someone who told him he'd been able to locate money lost in a previous scam and could help Mr S to recover it. Although Mr S didn't know it at the time, the caller was a scammer. Mr S wasn't advised of any fees but was told the funds could be returned via a cryptocurrency platform. To complete the process, Mr S was required to send identification, so he provided a copy of his driving license and a photograph of himself. Mr S says the scammer sounded professional and spoke to him in his native language.

Mr S was asked to download a device sharing app so that some details could be checked and the Revolut account opened. But the scammer used remote access to transfer Mr S's entire balance from an account with another provider to the newly opened Revolut account. Mr S says the scammer then made an unauthorised transfer from the newly opened Revolut account to a cryptocurrency exchange. Mr S says he should be refunded the unauthorised transaction.

Mr S contacted Revolut through its in-app chat on 15 August 2022 to report what had happened. Revolut didn't agree to refund Mr S but recognised that it didn't handle his claim well, as it didn't clearly set out next steps, and paid him £300 compensation.

Our investigation so far

The investigator who considered this complaint didn't recommend that it be upheld. He said the value of the scam transaction was too low to expect Revolut to intervene as Revolut is an e-money provider and large payments from Revolut accounts are common. And as the funds went to a genuine cryptocurrency exchange there was no prospect of recovering them.

Mr S didn't agree with the investigator's findings. In summary, he said:

- The payment was out of character and should have been blocked by Revolut's fraud systems. Mr S transferred £7,500 to a new payee from a newly opened account. The payment also went to a cryptocurrency exchange, and this is common in scams. In 2018 Action Fraud warned about large payments being sent to cryptocurrency wallets and on to scammers so Revolut should have been aware of this type of fraud and taken steps to prevent it.
- A newly opened account sending funds to a cryptocurrency exchange is a strong indicator of fraud and a money laundering concern. Revolut should be monitoring such trends.
- Revolut shouldn't be held to a lower standard than a bank when considering if a payment is out of character.

The complaint was passed to me and I issued my provisional decision on 30 October 2023. In the "What I've provisionally decided – and why" section of my provisional decision I said:

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

Mr S says that a fraudster used a device sharing app to open a Revolut account in his name and make a payment of £7,500 to a cryptocurrency exchange – in other words that the transaction is unauthorised.

The relevant law surrounding authorisations are the Payment Service Regulations 2017. The basic position is that Revolut can hold Mr S liable for the disputed payments if the evidence suggests that it's more likely than not that he made them or authorised them.

I've carefully considered the evidence to determine whether I consider it more likely than not that the £7,500 transaction was authorised. Having done so, I'm satisfied it was and will explain why.

- A selfie of Mr S was required when the account was opened. I'm confident that the person in the selfie provided to Revolut was the same person who communicated with Revolut to report the disputed transaction. At this stage Revolut required Mr S for a selfie to verify him.*
- Only one device has ever been registered to the Revolut account used to make the disputed transaction. There were no attempts to register another device either. Whilst there was an attempt to log in via a browser on the day of the scam this was declined and all transactions, including the scam and subsequent transactions, were made from the same device – Mr S's registered device.*
- I have seen evidence which shows that the payment to the cryptocurrency exchange was 3DS secured. This means that it went through a further layer of security. 3DS can only be confirmed via a mobile device.*
- The payment to the cryptocurrency exchange was made using a virtual card. When this card is used, a passcode is sent to customer's mobile device to view the card details.*

Given the points I have raised above I consider it unlikely that someone without access to Mr S's phone could have made the payment. Mr S confirmed to Revolut that nobody had access to his phone. Overall, I don't consider it was possible for an unknown third party to transfer funds to a cryptocurrency exchange without Mr S's knowledge and authorisation.

I've gone on to consider Mr S's transaction as an authorised payment and have thought about whether Revolut did enough when it was made.

Taking into account the law, regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Revolut as an electronic money institute ('EMI') to take additional steps or make additional checks before processing a payment in order to help protect its customer from the possibility of financial harm from fraud.

In this case, I'm mindful Mr S didn't have an existing relationship with Revolut as the account was opened the day before the transaction. This means that Revolut didn't have an understanding of Mr S's normal spending patterns.

The reason given for opening the account was to make transfers, and this is what happened. On balance though, I consider that given the value of the payment, Revolut should have provided Mr S with a written warning that broadly covered scam risks at the time the payment was made. I can't see that this happened. I've gone on to consider whether such a written warning would have made a difference in this case. Given that Mr S says he didn't complete the transaction, I can't fairly say it would. So I'm not asking Revolut to do anything more.

I'm satisfied that the amount Revolut has paid Mr S in respect of the service he received more than compensates him for any service related failings.

Overall, whilst I'm very sorry to hear of Mr S's loss, I can't reasonably hold Revolut responsible.

Revolut agreed with my provisional decision and Mr S' representative said they wouldn't appeal.

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.

As neither party has raised any new points for me to consider I see no reason to depart from my provisional findings (which I have reproduced above).

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 26 December 2023.

Jay Hadfield
Ombudsman