

## The complaint

Mr M complains that Revolut Ltd won't refund the money he lost after he fell victim to an 'authorised push payment' ("APP") scam.

## What happened

The background to this complaint is well-known to both parties, so I won't repeat it all here. But briefly, and based on the submissions of both parties, I understand it to be as follows.

Having seen a news article Mr M became interested in an investment. He approached what he thought was a legitimate investment company, which he's said he'd heard of before, and completed a contact form. Shortly after, Mr M was contacted by who he thought was an employee of the investment company, but he was in fact dealing with a fraudster, who had cloned a legitimate investment company.

The fraudster persuaded Mr M to transfer money in the belief that he was investing. Mr M initially made a payment for £200, which he made using a credit card he holds with another payment service provider. He's said he received professional looking documentation and was given access to a trading platform, where he could see his investment making a profit, all of which convinced him.

The fraudsters tried to persuade Mr M to invest more, but he initially declined and he received a credit for £100.40, which was for some of the profit that he thought he'd made. Mr M eventually agreed to invest a further £1,000, when the fraudsters tricked him into believing they were able to obtain cryptocurrency at a reduced price. Mr M, still believing everything to be genuine, made a payment from his Revolut account, for £1000 on 10 June 2022, to a digital wallet account he held with another company, from there Mr M sent the money onto an account that was controlled by the fraudsters.

Mr M was able to continue to see profits made on his trading platform, but now they were significantly more than he had previously seen. Towards the end of June 2022, Mr M has said the balance in his trading account was over \$11,000 and he wanted to make a withdrawal. But the fraudsters told Mr M that he needed to pay £3,000 to balance the accounts cash flow, to enable the withdrawal to be made. Mr M has said he fought for over two hours with the fraudsters about the need to make this payment, but that he eventually agreed. So, on 27 June 2022, with the fraudsters helping him by way of remote access software, Mr M made a card payment for £3,000 from his Revolut account, to a cryptocurrency wallet in his name and from there the money was sent onto accounts controlled by the fraudsters.

Mr M realised he'd been scammed when, after he'd made the transfer, the fraudster put him on hold, hung up the phone and he was unable to contact the fraudster. Mr M made payments totalling £4,002.02 from his Revolut account, a breakdown of these transactions is listed below;

27/5/2022	£2.02	(faster payment to a digital wallet account held by Mr M)
10/6/2022	£1,000	(faster payment to a digital wallet account held by Mr M)

27/6/2022      £3,000      (card payment to a cryptocurrency wallet in Mr M's name)

Mr M raised the matter with Revolut, who looked into Mr M's complaint. It issued its final response to Mr M on 8 September 2022 not upholding his complaint. In summary it didn't think it was at fault for processing the transfers and card payment Mr M had made. It added that chargeback rights were not valid for the card payment and that adequate security checks and warnings had been provided.

Unhappy with Revolut's response, Mr M then brought his complaint to this service. One of our Investigator's looked into things and didn't think the complaint should be upheld. In summary, while he recognised Mr M had made the payments as a result of fraud, he didn't think Revolut could have been expected to prevent it. He said this because he didn't think Revolut had missed an opportunity to identify the payments were being made in relation to a scam. Our Investigator added that he didn't think Revolut had acted unreasonably by failing to pursue a chargeback in relation to the card payment. Alongside this, it was our Investigators view that Revolut wouldn't have been able to recover any of the money Mr M had lost, as he had sent the money to accounts held in his name, and then onto the fraudsters from there.

Mr M disagreed with our Investigator's view. In summary he thought Revolut had failed to protect him from the scam.

As agreement couldn't be reached, the complaint has been passed to me for a 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.

I'm aware Mr M has referred to other decisions issued by our service. But I would point out that, while on the surface complaints may seem quite similar, each complaint is determined by its own individual circumstances. Here, as I'm required to do, I've looked at the individual circumstances of Mr M's complaint.

I can see that in his submissions to us Mr M has referred to the Lending Standards Board Contingent Reimbursement Model ('CRM') Code. But the CRM Code doesn't apply in this case because, as mentioned by Mr M, Revolut aren't signed up to it. Mr M has said he wasn't aware at the time there was no protection whatsoever for the funds he'd sent.

But, taking into account the law, regulatory rules and guidance, relevant codes of practice and good industry standards, 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.

It's not in dispute that Mr M authorised the transactions. Because of this, Revolut had an obligation to follow his instructions. Revolut has a difficult balance to strike in how it configures its systems to detect unusual activity or activity that might otherwise indicate a higher than usual risk of fraud.

But there are some situations in which it should reasonably have had a closer look at the circumstances surrounding the transfers - as I've explained, I consider that as a matter of good practice Revolut should've been on the lookout for unusual and out of character transactions. But on balance, I can't fairly say that the transactions in this case were so

unusual or suspicious, that they ought to have alerted Revolut that Mr M was at risk of financial harm.

I say this as, having looked through the activity on Mr M's account, for the twelve months leading up to the scam, I can see there are frequent other transactions and movements on his account for similar amounts. I'm also mindful that the pattern of Mr M topping up his account and then transferring/making a payment, as happened here, is typical of how Mr M usually operates his account. Alongside this, there were a number of weeks in between the payments – so there weren't payments being made in very quick succession, which can sometimes be the indicator of a fraud.

I appreciate that overall, Mr M has lost around £4,000, which is a significant amount of money. But I don't think, in the circumstances of this case, the payments Mr M made would have appeared so remarkable, that I could fairly and reasonably have expected Revolut to have been concerned that Mr M may have been at risk and I don't think it could have foreseen that he was potentially falling victim to a scam, and not to an extent whereby it should have made additional checks on the payments Mr M was making.

I'm aware Mr M has said he doesn't believe the banking protocol has been implemented. I'm persuaded the banking protocol should only be invoked if a payment service provider is sufficiently concerned that a fraud is taking place. But considering that I've found Revolut couldn't reasonably have foreseen Mr M was about to fall victim to a scam, it follows that I don't conclude that the banking protocol should have been invoked and the police called.

Finally, I've also thought about whether Revolut could have done more to recover the funds after Mr M reported the fraud, as in some circumstances, money spent via a debit card can be recovered via the bank raising a chargeback dispute. In this case, I can see the payment Mr M made for £3,000 was made using his debit card, with the remainder of the payments being done via online banking.

The card payment Mr M made was sent directly to an online cryptocurrency exchange account, which was in Mr M's name, to purchase cryptocurrency before the funds were subsequently transferred on to the scammer. So, he wouldn't be able to make a successful chargeback claim for the card payment in these circumstances, because the company he paid had provided the services as intended (i.e. the purchase of cryptocurrency). Therefore, I do not think Revolut were under any obligation to raise a chargeback for Mr M.

I've also thought about the online faster payments Mr M made, but again, as these payments were made to an account in his name, but then moved onto accounts fraudsters controlled from there, I don't think there would have been any opportunity for Revolut to cover the money Mr M sadly lost.

Mr M has told us the impact this situation has had on him. I don't underestimate Mr M's strength of feeling, and I don't doubt this would have been a very difficult and worrying time for him. It's very unfortunate Mr M has lost this money in this way, and I understand the whole experience has been deeply upsetting and I do have a great deal of sympathy for him. But in the circumstances, I don't think I can fairly or reasonably say Revolut should have done more to prevent Mr M from losing this money. So, I don't think it would be fair for me to ask Revolut to refund the loss.

### **My final decision**

My final decision is that I don't 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 17 April 2023.

Stephen Wise  
**Ombudsman**