

## **The complaint**

Miss C complains that Revolut Ltd didn't do enough to protect her against the loss of money to an investment scam.

## **What happened**

The details of this complaint are well known to both parties, so I won't repeat everything here. In brief summary, from 3 to 4 June 2022, Miss C made payments from her Revolut account to Skrill totalling £21,002. She understood these payments were destined for her Binance account from where she would send them onto what she thought was a legitimate investment platform.

Miss C later got in touch with Revolut to report she'd been scammed. Revolut didn't reimburse her lost funds. Remaining unhappy, Miss C referred her complaint about Revolut to us, the Financial Ombudsman Service. As our Investigator was unable to resolve the matter informally, the case has been passed to me for a decision.

I sent Miss C and Revolut my provisional decision on 19 July 2023 explaining why I was minded to uphold the complaint in part, and to direct Revolut to pay Miss C £10,500 plus interest calculated at 8% simple per year.

Revolut has said it accepts my provisional decision.

Miss C responded to my provisional decision and said that the scammer never used the word 'secret' and was clever in the way he worded things; that she was hesitant at first, but after making a profit and seeing money return to her account, she thought the platform was genuine. She's also said she doesn't know what or who 'Skrill' is, and she doesn't have an account with them.

Now that both parties have responded to my provisional decision, I'm ready to explain my 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.

Having done so, I've decided to uphold this complaint in part – I've reached the same conclusions, for the same reasons, as explained in my provisional decision. I've explained why again below.

## **Prevention**

I accept that these were authorised transactions even though Miss C was tricked. So although she didn't intend the payments to ultimately go to scammers, Miss C is presumed liable for the loss in the first instance. However, taking into account the law, regulatory rules

and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, 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 its customers were at risk of fraud (amongst other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer; and
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made 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.

My fellow ombudsmen and I have referenced the relevant rules, codes of practice and good industry practice at the time in many previous decisions published on our website.

Bearing this in mind, I need to decide whether Revolut acted fairly and reasonably in its dealings with Miss C when it processed the relevant payments.

#### *The first payment*

The first payment from Miss C's Revolut account to Skrill Ltd was on 3 June 2022 for £2 (Miss C has said she doesn't know who or what 'Skrill' is, and that she doesn't have an account with them; so, for clarity, I can explain Skrill would have acted as a payment processor here, enabling her funds to be moved into her Binance account). At such a low amount, I can't reasonably say Revolut's fraud and scams systems ought to have been triggered by this payment – nor, therefore, that Revolut ought to have been obliged to call and speak to Miss C before allowing the payment through, which I consider to be the only way it's likely Miss C's loss of this payment to the scam could have been avoided by actions of Revolut. I'm not persuaded, therefore, that I can say Revolut unreasonably missed an opportunity to prevent this payment.

#### *The second payment*

The second payment from Miss C's Revolut account to Skrill was for £11,000. Given previous activity on Miss C's Revolut account, I think it's fair to say this payment was unusual and uncharacteristic. Miss C's typical spend from her account was not close to being in the region of £11,000. Going back as far as February 2018, the two largest previous payments made from her account were both for amounts of around £2,200 (in December 2021).

There were some large transactions made from Miss C's account in January 2018. But these were almost two and a half years earlier. They appear unusual and uncharacteristic in their own right. And I'm satisfied given the operation of the account since then that the second payment to Skrill ought reasonably to have triggered Revolut's attention, and it should have called her to check everything was in order, to meet its obligations I've summarised above – to protect her against the possibility of financial harm from a fraud or scam, before allowing the payment through.

Revolut has said Miss C was sent warnings when making the payment, and she would have received multiple other emails warning her of various scams. I've taken this on board, particularly when considering contributory negligence. But I think Revolut ought to know that such warnings aren't always sufficient for it to meet its obligations I've summarised above,

and that in a situation like this it really ought to have called and spoken to Miss C before allowing the payment through.

Revolut has argued that it would have known Miss C's payments were going to her own Skrill or Binance account, as those businesses don't allow incoming payments from accounts not matching the beneficiary. However, by the time of the relevant payments in this case (June 2022), Revolut had or ought to have had a good understanding of how scams like this work, including that customers often move money to a different account in their own name before moving it on again from there to the scammers. So this wasn't a good reason not to pause the payment pending enquiries with Miss C.

During the conversation I think Revolut ought reasonably to have had with Miss C, before it allowed the payment through, I would reasonably expect Revolut to have asked her who the payment was for, what the payment was for, and for the basic surrounding context, and to have then proceeded appropriately from there, with the intention to disturb or unearth a potential fraud or scam. I would, in the normal way, have no reason here to believe Miss C wouldn't have been open and upfront responding to Revolut's queries. Here, however, I note that Miss C has said she met the scammer online and he told her to keep the investment platform website a secret, as not many people knew about it. I note that Miss C has said in her response to my provisional decision that the scammer didn't use the exact word 'secret' but worded things more cleverly than this. But I've seen screenshots of the communications between Miss C and the scammer in which the scammer said he wanted Miss C to keep things between just them, and that this was very important. I don't think whether or not the scammer used the exact word 'secret' changes this.

So, it's *possible* that, on Revolut's questioning, Miss C would have sought *not* to give it details of the investment platform her payments were ultimately destined for. However, I note that Miss C has plausibly stated she was a complete novice with trading like this, and I think she would most likely have taken Revolut's call seriously given the amount she was proposing to 'invest'. And, on balance, I think it's most likely she would have, at the very least, disclosed to Revolut the context of how she'd met the scammer and the nature of the investment he had proposed. I think this ought to have led Revolut to be on high alert, and ultimately to have given Miss C a serious warning that she was at very high risk of being scammed. And I think it's most likely that had this happened (as I think it ought to have done), Miss C would have opened up, but in any event, have decided, given Revolut's intervention, that the risk of proceeding was too high. So I think if Revolut had done what I'd reasonably expect it to have done, given its obligations, that Miss C ultimately most likely wouldn't have proceeded with the payment.

### *The third payment*

Given what I've said above, I think it follows that if Revolut had done what it ought to have done with regards to second payment, Miss C most likely wouldn't have proceeded with the third payment either.

## Recovery

I've considered whether, after the payments were made and Revolut was notified of the scam by Miss C, Revolut unreasonably hindered recovery of the funds. Given I think Revolut ought to have prevented the second and third payments, I only need to consider this in regard to the first payment. However, Miss C didn't instruct Revolut to send this payment to the scammer, but instead to, effectively and ultimately, an account in her name. That's what Revolut did. And I don't think it was ever going to be likely that Revolut would have been able to facilitate recovery of this payment after Miss C moved the payment from this other account of hers to the scammers. So I'm satisfied I can't say Revolut unreasonably hindered recovery of this payment.

## **Putting things right**

I've explained why I'm satisfied that if Revolut had done what it should have, the second and third payments wouldn't have been made and lost. Miss C received a credit of £626.50 into her Revolut account from Skrill on 3 June 2022. But I understand this stemmed from previous money invested from Binance. And in any event, this credit preceded the second and third payments. So I'm satisfied this credit shouldn't be subtracted from the loss calculation. The loss suffered from the second and third payments therefore stands at £21,000.

I've thought about whether Miss C should bear some responsibility for this loss by way of contributory negligence (which might justify a reduction in compensation). I don't think it's unfair to say Miss C really wasn't as careful with these payments as she reasonably ought to have been. I wouldn't have expected her, given her lack of experience, to have been well versed with scams like this, or necessarily to be aware how prevalent they have become in recent years. But I do think the fact she was told by the scammer that she shouldn't tell anyone else about things ought to have concerned her. She was also asked by the scammer to borrow money, which would be another flag. And I think overall she really ought to have realised things didn't seem quite right and that she was taking a high risk proceeding. I'm satisfied in these circumstances that there should be a 50% reduction to the compensation payable to reflect Miss C's contribution to the loss of these payments.

This means, I think Revolut should pay Miss C 50% of £21,000, which is £10,500.

I've considered what Revolut has said about the funds Miss C sent from her Revolut account originating from another bank, and its points about why this other bank isn't sharing responsibility for the loss. It's also pointed the finger at Skrill/Binance, as the final account in the payment journey from where Miss C sent the funds onto the scammers. However, whilst I note that at least £16,996 of the £21,000 sent onto Skrill from Revolut (in the form of the second and third payments) originated from another bank, our service already considered a separate complaint about that separate bank, the case was closed, and the full loss still remains. And whilst I acknowledge there were a number of parties involved here (including the cruel and callous scammers, ultimately responsible for the scam), I can only consider the only case open and before me here – which is this one against Revolut. If Revolut remains unhappy about this, it may wish to consider taking the matter up directly with the other bank and/or Binance/Skrill.

I'm satisfied, for the reasons I've explained, that Revolut reasonably ought to have prevented the second and third payments; that compensation should be reduced by 50% for Miss C's contributory negligence; and that a payment of £10,500 from Revolut is therefore justified to fairly compensate her.

It follows that Revolut should pay Miss C £10,500. To compensate Miss C for being deprived of this money since the date she lost it, Revolut should also pay Miss C interest on the amount calculated at 8% simple per year from the date she lost it to the date it is refunded.

### **My final decision**

For the reasons I've explained, I uphold this complaint and I direct Revolut Ltd to pay Miss C:

- £10,500; plus
- interest on this amount calculated at 8% simple per year from the date of the payments to the date of settlement. If Revolut deducts tax from this interest, it should provide Miss C with a tax deduction certificate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 21 August 2023.

Neil Bridge  
**Ombudsman**