

The complaint

Mr B complains Revolut Ltd (Revolut) won't refund the money he lost to a scam.

What happened

In 2023, Mr B saw a social media advert for a trading platform and decided to invest. He sent funds from his Revolut account to three individuals, on the understanding this money was being invested on a trading platform, with brokers investing on his behalf. Unfortunately, it was a scam. Mr B realised this when he kept being pressured to pay more money – and was then blocked from the trading platform.

Mr B complained to Revolut – via a professional representative – that it should have done more to protect him. He said it should have realised the payments looked suspicious and questioned him about them – which would have uncovered the scam and prevented his losses. Revolut didn't agree to refund him, so he referred the matter to our service.

Our investigator didn't think Revolut ought to have uncovered the scam at the time of the payments, nor did they think it could have recovered them. Mr B has appealed the investigator's outcome. He says Revolut should have spoken to him directly when he sent a third payment, and \$6,700 in total, to a new payee within 24 hours.

The case was then allocated to me. I asked Mr B (via his representative) for further records to explain how the transfers to individuals related to the scam – such as whether he was buying genuine cryptocurrency from peer-to-peer sellers and passing it on, or whether he was alleging the direct recipients were scammers. He wasn't able to provide anything else.

I also asked for a full, translated record of his contact with the scammers – as I had seen he initially provided Revolut with some screenshots from this. He said he wasn't able to access this.

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 not to uphold it. I'll explain why.

In line with the Payment Services Regulations 2017 (PSRs), Revolut is expected to execute authorised payment instructions without undue delay. As Mr B authorised these payments, the starting position is that he is liable for them.

However, taking into account the longstanding regulatory expectations and requirements and what we consider to have been good practice at the time, I think Revolut should fairly and reasonably have been on the lookout for the possibility of fraud or scams. And that it should have taken additional steps, such as completing additional checks or issuing warnings, before processing payments in some circumstances. In practice, it's clear this is something Revolut does.

I've therefore considered whether Revolut ought to have been on notice of a fraud risk in relation to these payments. And, if so, whether it responded proportionately to this.

Whether or not a payment looks indicative of fraud or scams will depend on how the account is normally used. But in this case, Mr B's account was largely inactive. There was only one payment beforehand, in September 2022. Like most of the scam payments, Mr B sent the funds on in another currency.

Revolut has shown us it declined the first payment made to each of the three new payees Mr B sent funds to as part of the scam, in order to display a broad fraud warning. Overall, I think that action was proportionate in the circumstances.

The first scam payment was for £1,000. It was sent to a new payee. But as the account hadn't been used much, I don't think that would have been particularly concerning. I don't think Revolut ought to have done more here.

The next scam payments took place several days later, to a different payee – so the link between the payments wouldn't have been apparent to Revolut. However, I'm conscious Mr B was sending several payments, amounting to a reasonably significant amount overall, to a new payee. So I think that did present some level of risk.

In response to Mr B paying this new payee, Revolut did issue a general scam warning. Overall, I'm not persuaded it ought to have done more given the *level* of risk I think it should have been aware of. There is a balance to be struck by firms like Revolut, between protecting customers from fraud and minimising disruption to authorised payments.

As mentioned above, Revolut didn't know much about how Mr B normally transacted. Furthermore, while he's explained he fell victim to a cryptocurrency investment scam – I don't think that would have been apparent to Revolut, given that he was making bank transfers to individuals. So I don't think it knew to issue a tailored warning relevant to the scam Mr B was falling victim to. Overall, I'm not persuaded it ought to have done more.

By the time the third payee was added, the spending looked in keeping with how Mr B had transacted previously. In the circumstances, I therefore don't think Revolut is at fault for not preventing Mr B from falling victim to the scam in the first place.

Revolut has explained it did also try to recover the funds, but was unable to by the time the scam was reported the day after the final scam payment (and around one week after the first). Unfortunately, it's common in scams like this for the funds to be moved on promptly.

I'm also conscious the information about the scam is limited. It's not particularly clear to me whether the individuals paid directly were scammers – or whether they were unwitting in the scam, or perhaps not involved at all. It's common in scams like this for consumers to buy genuine cryptocurrency, which can be done through 'peer-to-peer' sales, and then be tricked into sending that on to the scammer.

If the direct recipients weren't scammers, it wouldn't be appropriate to recover funds from them even if they were still available. Without better records about this scam, it's unclear to me whether the recipients were involved. That is a further reason why I don't think it seems likely Revolut missed an opportunity to recover Mr B's funds.

I appreciate this will be disappointing for Mr B. From what I have seen, I do accept he fell victim to a sophisticated scam. But in all the circumstances, I don't think Revolut is at fault for his loss. I therefore don't think it would be fair to direct it to refund him.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 31 May 2024.

Rachel Loughlin
Ombudsman