

Complaint

Miss B is unhappy that Revolut Ltd didn't refund her losses when she told it she'd fallen victim to an investment scam.

Background

In early 2019, Miss B was contacted by someone claiming to represent an investment firm. She was told they offered the opportunity to invest in cryptocurrency and that, if she opened an account, she would be assigned a broker who would trade on her behalf, with the aim of generating passive income. She says she carried out online research and was reassured by what she found. Unfortunately, although Miss B didn't know it at the time, she wasn't dealing with a legitimate investment company, but with fraudsters.

She was taken through a fake know-your-customer (KYC) process and asked to submit identification documents and proof of address. She was later contacted by someone who said they would be her broker and was given access to an online platform, which appeared to show that the balance on her investment was growing. She made a series of smaller payments from an account she held with another bank. These totalled around £30,000. Then, in July 2019, she made a payment of €224,000 from her newly opened Revolut account to a foreign beneficiary. She funded this payment using a drawdown from her Self-Invested Personal Pension (SIPP).

Once she realised she'd been scammed, Miss B reported the matter to Revolut. It offered to reimburse 50% of the loss. Miss B didn't think that was enough and referred her complaint to this service. It was looked at by an Investigator who initially came to the same conclusion as Revolut. He said that, if Miss B had conducted online research, she'd have found negative reviews regarding the company she believed she was dealing with.

Miss B's representatives responded and pointed out that all of the negative reviews regarding this company that are currently available online were posted *after* July 2019. In other words, Miss B wouldn't have seen them if she'd carried out online research at the time. After reconsidering things, the Investigator recommended Revolut refund her losses in full.

Revolut disagreed and so the case was passed to me. I emailed Miss B's representatives and said I was minded to find that the offer was fair and reasonable in the circumstances. Miss B's representatives didn't agree and raised some additional arguments. The case was then passed back to me to reconsider in full.

Findings

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

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the

customer's account. There's no dispute here that Miss B authorised the payment in question and so she is considered liable at first instance.

However, that isn't the end of the story. Good industry practice required that Revolut be on the lookout for account activity or payments that were unusual or out of character to the extent that they might indicate a fraud risk. On spotting such a payment, I'd expect it to take steps to protect their customer. That might be as simple as providing a written warning as part of the payment process or it might extend to making contact with the customer to establish the circumstances surrounding the payment.

It seems to be common ground that Revolut should've done more here. Revolut says it displayed a scam warning before Miss B completed the payment and that she chose to proceed. However, I've seen no evidence that it asked any questions about the nature or purpose of the transaction. Miss B had recently opened her account and then made an unusually large international payment. That payment wasn't consistent with the purpose for which she'd opened the account. It ought to have prompted further scrutiny from Revolut, but it doesn't appear that it took any steps to protect her from the risk of fraud. In my view, it should have paused the payment and contacted her to establish the wider circumstances. I've not seen any evidence to indicate that the fraudsters told her how to respond if Revolut queried the payment, so I think if it had intervened, it's more likely than not that it would've prevented her from going ahead.

Revolut, therefore, needs to pay redress to Miss B. However, the question I have to decide is whether she ought to be considered partly responsible for her own losses here. In reaching a decision on that point, I've considered what the law says about contributory negligence while keeping in mind that I must decide this complaint based on what I consider to be fair and reasonable in the circumstances.

By the time she made this payment, Miss B believed her investment had grown from around £30,000 to approximately £100,000. I can understand why she might have thought such returns were plausible. However, she says she wasn't told anything about the risk to her capital, so I don't know if she thought they were sustainable. I haven't seen the original communications between Miss B and the scammers. She says she no longer has them, and I've not been provided with detailed evidence about what was said in her representative's written submissions. Without that, I can't say whether it was objectively reasonable for her to believe she was dealing with a legitimate firm or to follow its advice.

I'm also mindful of the fact that Miss B was investing a very substantial amount of money, and that she funded this from her pension. Pensions are intended to provide financial stability in retirement. For a person to withdraw a significant portion of their pension to make a risky investment is a high-stakes gamble, particularly given that Miss B had only been able to make a fairly small withdrawal from her investment very early on.

I accept that she didn't have much experience or knowledge of investments, but I'm surprised she didn't feel the need to be more cautious with something as important as her pension. I can also see that she'd discussed her financial situation with an adviser at her SIPP provider in 2018 and that they'd recommended she drawdown a limited amount of funds annually. She then interacted with her SIPP provider a few days before making this payment. This was an opportunity to raise the investment she was considering – and had she done so, there's a good chance an adviser would've been concerned about the fraud risk, particularly given that she discovered the opportunity by way of unsolicited contact, and she hadn't been able to make a significant withdrawal from the investment.

I don't say any of this to downplay the fact that Miss B has fallen victim to a cruel and cynical scam. I have a great deal of sympathy for her and the position she's found herself in.

Nonetheless, for the reasons I've explained, I'm persuaded that Revolut's offer is fair and reasonable in the circumstances of this case.

Final decision

For the reasons I've explained above, I uphold this complaint in part.

If Miss B accepts my final decision, Revolut Ltd needs to:

- Refund 50% of the payment made to the fraudsters (if it hasn't already paid); and
- Add 8% simple interest per annum to that sum calculated to run from the date it left her account until the date any settlement is paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 28 April 2025.

James Kimmitt
Ombudsman