

The complaint

Mrs C complains that Revolut Ltd won't refund money she lost when she fell victim to an investment scam.

What happened

The detailed background to this complaint is well known to both parties and has been previously set out by the investigator in their assessment. So, I won't repeat it again here. Instead, I'll focus on giving my reasons for my decision.

The complaint concerns seven transactions totalling just over £84,000 which Mrs C made from her Revolut account – a mixture of card payments and transfers – over a period of three weeks in January 2023. They were made in connection with an investment opportunity which subsequently turned out to be a scam.

Mrs C has explained that the Revolut account was opened under the instructions of the scammer. And only £10,000 of the funds transferred into the Revolut account belonged to her; these were transferred from her accounts with two high street banks. The rest were loans obtained from three different lenders, which were paid into one of her high street bank accounts before being transferred to Revolut.

To deposit funds into her investment account, money was first sent from Mrs C's Revolut account to a cryptocurrency exchange for conversion into cryptocurrency. Once converted, the cryptocurrency was sent on to cryptocurrency wallets in control of the scammer (albeit Mrs C didn't know this at the time).

Preliminary matters

This decision solely relates to the transactions made from Mrs C's Revolut account. Her complaints about the loan companies have been considered separately by our service.

I also understand that the bank where the loan proceeds were paid into, before being transferred to the Revolut account for onward transfer to the scammer, has already refunded £51,000 following the scam being reported. As Mrs C has already been refunded that amount, I will only be considering Revolut's liability in relation to the remaining loss of around £23,000.

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.

In broad terms, the starting position at law is that an Electronic Money Institution ("EMI") such as Revolut is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

But, taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to be good industry practice at the time, I consider it fair and reasonable that in January 2023 Revolut should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams,
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer,
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – (as in practice Revolut sometimes does including in relation to card payments),
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

The very first transaction Mrs C attempted after topping up her newly opened Revolut account triggered an alert on the EMI's fraud detection systems, and it declined it. Two further transactions to the same merchant were attempted in quick succession, but they were also declined. Revolut restricted Mrs C's account and she reached out to it through the in-app chat to discuss the transactions.

I've read the chat correspondence from the time, and I can see the agent informed Mrs C that Revolut had seen increasingly sophisticated techniques being used by scammers to gather information and convince customers to transfer money to them. The agent asked Mrs C if she had recently downloaded any screen sharing software, and whether she'd received any calls from anyone asking her to create the Revolut account and encouraging her to make an outbound transfer. Mrs C answered no to both questions. She was asked about the nature of the payment, and she said she was making a purchase. The agent specifically asked her if she was trying to invest her money, and Mrs C insisted that she was making a purchase.

Mrs C didn't answer Revolut's questions truthfully. She had downloaded a screen sharing software on the scammer's instructions. And the funds were being sent for investment purposes. Mrs C has since told us that the scammer was answering Revolut's questions. We also know from her other complaints that Mrs C was being coached by the scammer on how to answer questions from financial businesses the funds were being borrowed from. She's also told us that she discussed an email containing a scam warning which she received from one of the lenders with the scammer. And, reviewing the chat correspondence between her and the scammer, I can see that Mrs C forwarded a text she received from her bank who had temporarily blocked a payment she'd made from her account with them.

Given her actions, I'm not persuaded that further questioning by Revolut at that time, or during subsequent interventions when it provided a written warning about scams in general, would have made any difference to Mrs C's decision-making. I can see from subsequent chat messages between her and the scammer that her family members were concerned she was falling victim to a scam. At one point, Mrs C also had her own concerns – she

mentioned she'd seen reviews of the investment platform and third parties has described experiences she was going through. On both occasions, the scammer suggested a phone call to discuss her concerns. Presumably, they provided reassurances to Mrs C as she continued making further transactions. She was so under the spell of the scammer that I don't think any proportionate intervention by Revolut would have prevented her loss.

Mrs C has questioned why Revolut shouldn't take accountability, given one of the banks involved in the scam payments offered to refund majority of the funds when she reported what had happened. I don't know why another payment service provider chose to provide a refund. My decision is about the acts and omissions of Revolut. I've explained why in the circumstances of this case, I don't consider Revolut acted unfairly in executing the payment instructions it received from Mrs C.

In summary, I know that Mrs C will be disappointed with this outcome. Not least because the matter has been ongoing for some time. I fully acknowledge that there's a considerable amount of money involved here. Despite my natural sympathy for the situation in which she finds herself, for the reasons given, it wouldn't be fair of me to hold Revolut responsible for her loss.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 28 August 2024.

Gagandeep Singh
Ombudsman