

The complaint

Mrs S complains that Revolut Ltd (“Revolut”) won’t refund her the money she lost after she fell victim to an investment scam.

Mrs S has used a representative to bring her complaint to this service. For ease, I will refer solely to Mrs S throughout this decision.

What happened

The background to this complaint is well known to all parties, so I will not repeat everything again here. But in summary, I understand it to be as follows.

Mrs S says that she was introduced to an investment opportunity by her mother. Her mother had told Mrs S that she had been working with a financial advisor for some time and that things were going well.

Mrs S has explained that it had been a difficult time for her and her family, due to some tragic personal circumstances and she saw this as an opportunity to earn some additional income. Mrs S’ mother made enquiries with the financial advisor for her daughter, but was initially told that the financial advisor wasn’t able to take on new clients. But, after some time, a space became available, so Mrs S contacted the financial advisor on the number her mother had given her. Unknown to her at the time, Mrs S (and her mother) were dealing with fraudsters.

Believing everything to be genuine, Mrs S followed the fraudsters’ instructions and began to invest. Mrs S made transactions, that ultimately ended up in accounts controlled by the fraudsters, from a number of financial firms. As part of the scam, in order to facilitate some of the payments, Mrs S was told by the fraudsters to open a Revolut account, as well as opening accounts with other firms. The funds came into her Revolut account from an account she held with another provider, who I’ll refer to as A.

My understanding is that the funds Mrs S sent, from the different financial firms, were a mixture of faster payments and card payments. The payments Mrs S made from her Revolut account were card payments to a cryptocurrency exchange account, that Mrs S had set up in her name, from where the funds were sent to the fraudsters. A list of the transactions made from Mrs S’ Revolut account are listed below:

15 November 2022	£5,000
15 November 2022	£5,000
15 November 2022	£10,000
15 November 2022	£5,000
16 November 2022	£14,000
2 December 2022	£7,100

Mrs S realised she’d been scammed when she attempted to make a withdrawal, but was unable to and was asked to pay withdrawal fees.

Mrs S raised the matter with Revolut, but it didn't agree it was liable for the loss.

Unhappy with Revolut's response, Mrs S brought her complaint to this service. One of our Investigators looked into things, but didn't think the complaint should be upheld. In summary, our Investigator thought Revolut should have questioned Mrs S more about the purpose of the payments, but they weren't persuaded that an intervention would have made a difference. They said this because they considered Mrs S was under the spell of the fraudster and was following the instructions the fraudsters were giving her, leading her to be dishonest with Revolut.

Mrs S didn't agree with our Investigator's view. In summary, she maintained that the payments should have triggered on Revolut's systems and that an intervention would have made a difference and uncovered 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.

Firstly, I was sorry to hear about what Mrs S has been through over the recent months and years and I do understand that she was going through some challenging personal circumstances both before and after this scam took place. I'm afraid this decision doesn't bring her the news she had hoped for. I say that, as having thought very carefully about Revolut's actions, I think it did act fairly and reasonably in allowing the payments to be made. I also don't think it would have been able to recover any of the money Mrs S sadly lost. I'll explain why.

In deciding what's fair and reasonable, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

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. This should be in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

However, taking into account relevant law, regulatory rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable that 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;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;

- 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); and
- 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.

So in this case, I need to decide whether Revolut acted fairly and reasonably in its dealings with Mrs S, when she made the transfers and when she reported the fraud, or whether it should have done more than it did.

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. I'm also aware that, in the individual circumstances of this case, Revolut had much less information available to it upon which to discern whether any of the payments presented an increased risk that Mrs S might be the victim of a scam. I say this as Mrs S set the Revolut account up for the purposes of the scam, so Revolut didn't have any knowledge of her usual account usage to be able to identify if the scam payments were out of character.

But that's not to say it was entirely unable to identify if the transactions highlighted that Mrs S may be at risk of financial harm. I'm persuaded that when Mrs S made a second payment, to a new payee, within quick succession, with a cumulative value of £10,000, there was enough going on that ought reasonably to have led Revolut to taking additional steps to satisfy itself she wasn't at risk of falling victim to a scam, before allowing the payment to debit her account.

But where I find Revolut ought to have intervened, this in itself isn't enough for me to say that it should refund the money Mrs S lost. I also need to be persuaded that its intervention would have made a difference and prevented the payment (and subsequent payments) from being made. I have to base my findings on the balance of probability – that is, what I think is more likely to have happened, taking into account what I know.

Had Revolut intervened at this point, I think a proportionate response to the risk would have been for Revolut to have attempted to establish the circumstances surrounding the payment before allowing it to debit Mrs S' account. I think it should have done this by, for example, directing Mrs S to its in-app chat to discuss the payment further. But I'm not persuaded, in the individual circumstances of this case, that such an intervention would have made a difference and stopped Mrs S from proceeding with the payments.

I say that because I have listened to calls Mrs S had with A, when it had intervened, due to concerns it had on earlier payments she was attempting to make from the account she held with it. It is clear from the tone of Mrs S' conversation with A that she was intent on making the payments and she completely believed what she was doing was legitimate. The evidence from A also indicates that Mrs S was somewhat frustrated with A's interventions - she told it that she didn't need to answer what the payment was for and what she does with her money is none of their business.

It is also clear that Mrs S was intentionally providing answers that were misleading. When reporting the scam, to A, Mrs S said that when making payments she had the fraudster on the 'other line', telling her not to tell them anything and so she was changing her story throughout. This is evident with Mrs S telling A that the payments were for such things as a handbag, or a car. Alongside this, when Revolut did contact Mrs S ahead of her making a

payment it did ask her whether she'd authorised anyone else to access her device, Mrs S had said she'd granted access to her brother – when, in fact, Mrs S didn't have a brother, but instead had shared her screen with the fraudsters who were guiding her through what to do.

I don't think Mrs S carried any malicious intent in answering as she did. Rather, I think she was so taken in by the fraudsters that she was unwavering in her determination to follow their instructions and proceed with the payments. But in answering as she did, it essentially stopped A from giving an appropriate warning or uncovering the scam.

And I think this would have likely been the same with Revolut, had it carried out a similar intervention. On the one hand, Revolut would have seen that the payments were identifiably going to a cryptocurrency platform, so it would reasonably have known that there was the potential risk of any financial harm being as part of an investment scam. But Mrs S hadn't been cold called, she had approached the fraudster following a recommendation by her mother, who had seen a return on her investment. I do acknowledge how persuasive this recommendation, alongside all of the other social engineering techniques the fraudsters deployed, would have been in convincing Mrs S that this was a genuine investment opportunity. But with this belief, there is the likelihood that Mrs S would have been able to answer questions about the investment confidently and persuasively.

But in any event and importantly, if Revolut had probed even further I think it more likely than not Mrs S would have continued to be guided by the fraudsters to provide answers that would have been clearly designed to allay any suspicions that the payments could be linked to a scam.

I think the determination Mrs S had to make these payments is also supported by her opening a number of new accounts with different financial firms, seemingly due to her running into difficulties and having payments blocked and frozen, when she was trying to make payments from other firms.

Taking everything into consideration, I think that Revolut should have intervened more than it did. But even if it had intervened further, I don't think the scam would have been stopped.

Recovery of funds

I've also thought about whether Revolut could have done more to recover the funds after Mrs S reported the fraud, as in some circumstances the money can be recovered via the bank raising a chargeback dispute.

However, in these circumstances, Mrs S used her card to pay a legitimate crypto-exchange platform before the funds were subsequently transferred on to the scammer. So, she wouldn't be able to make a successful chargeback claim in these circumstances because the company she paid had provided the services as intended (i.e. the purchase of cryptocurrency).

I don't say any of this to downplay or diminish the fact that Mrs S has fallen victim to a cruel and cynical scam. I have a great deal of sympathy for her and I acknowledge that this has been a difficult time for her. However, my role is limited to looking at the actions and inactions of Revolut and I'm not persuaded it did anything wrong in processing these payments and I'm not persuaded it can fairly or reasonably be held liable for her loss in these circumstances.

My final decision

My final decision is that I don't uphold this complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 1 April 2025.

Stephen Wise
Ombudsman