

The complaint

Mrs S complains about the actions of Revolut Ltd when he lost money to a scam.

Mrs S is being represented by a claims management company but for ease of reading I'll only refer to Mrs S.

What happened

In May 2022 Mrs S was shown by a friend how to start investing online and told her about a merchant. Mrs S contacted the merchant and started to talk about investing. Mrs S did some research online about the merchant and said she was impressed with the genuine and positive reviews. The merchant told Mrs S to open an account with Revolut which she did and gave a reason for the account opening as 'spend and save'. Mrs S then decided to use money from a £10,000 loan she had taken out for other personal reasons with her bank – I'll refer to here as 'E' – to fund the scam. She then started making payments from E to her Revolut account. E stopped two of the payments and asked Mrs S why she was making them. Mrs S said she was going on holiday and the payments were released.

She then made the following debit card payments to genuine cryptocurrency exchanges from her Revolut account;

Date	Type of transaction	Amount
27 May 2022	Debit card to crypto exchange	£4,000
11 June 2022	Debit card to crypto exchange	£4,271.08
11 June 2022	Debit card to crypto exchange	£3,420.71
	Total	£11,691.79

After persistent calls from the merchant to invest more money Mrs S reached out to a friend for advice who contacted the FCA who said that it was likely a scam. Mrs S contacted Revolut to see if she could get her money back. Revolut raised chargebacks for the transactions, but said they were unlikely to succeed as Mrs S had sent money to wallets in her name at crypto exchanges. Revolut added that it hadn't done anything wrong so couldn't get her money back. Unhappy with this response Mrs S brought her complaint to this service.

Our investigator felt the complaint should be upheld in part. He said Revolut should've triggered the second payment towards this scam and provided a human intervention which more than likely would've uncovered the scam. But he felt that Mrs S should take some responsibility for the scam and a 25% reduction should be made to any refund. Mrs S disagreed and asked for an Ombudsman's review. She said that there shouldn't be any deduction to the award as she hadn't acted unreasonably here.

I was allocated the complaint. But I was minded to disagree with the investigator. I thought that Revolut should've stopped the second payment towards the scam but that a more proportionate response would've been for Revolut to provide a tailored warning about cryptocurrency investment scams. And I was minded to say that Mrs S more than likely wouldn't have taken any notice of this warning. That's because she told E twice that she was

sending money to Revolut for a holiday – not investing. And because of the pressure that the scammers were putting Mrs S under I didn't think she was likely to listen to a tailored warning here.

Mrs S disagreed with my initial findings. She said that English is her second language which makes her more vulnerable to this sort of scam and from her research she thought the scammer was a genuine company which is why she thought it was legitimate.

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 reached the same conclusion as our investigator. And for largely the same reasons. I'm sorry to hear that Mrs S has been the victim of a cruel scam. I know she feels strongly about this complaint and this will come as a disappointment to her, so I'll explain why.

I've read and considered the whole file. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome.

I've firstly considered whether Revolut should've done more to stop all the payments Mrs S made towards this scam. It is common ground that she authorised the scam payments with a total loss of around £11,691. I accept that these were authorised payments even though Mrs S was the victim of a scam. So, although it wasn't her intention to pay money to the scammers, under the Payment Services Regulations 2017 (PSRs) and the terms of her account, Mrs S 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 good industry practice, there are circumstances where it might be appropriate for Revolut to take additional steps or make additional checks before processing a payment in order to help protect customers from the possibility of financial harm from fraud.

So, I have looked into what this means for this case and whether Revolut should have done more here to prevent the payments in dispute.

Our investigator felt Revolut should've stopped the second payment towards this scam. I agree that would've been a reasonable place for Revolut to have stopped the payment. But I think a proportionate response at that point would've been to have provided a tailored warning about cryptocurrency investment scams. That's because given the pattern of payments, the fact this was a newly opened account, the size of the payments going to a crypto exchange and the account opening reason given by Mrs S ('spend and save daily') contradicting the payment reason/destination. So, I'm satisfied a tailored warning would've been proportionate here.

However, I'm not satisfied Revolut providing a tailored warning would've made a difference here. E spoke to Mrs S about the reasons for the payments. On both occasions Mrs S was unhappy at E's intervention and said repeatedly that the money was for a holiday. On one of the payments Mrs S was asked why she had put a payment reference in Polish. The call handler said he translated the word and said whether it was for an investment. Mrs S responded to say that she was investing in herself – i.e. for a holiday.

I've also considered that a tailored warning would've mentioned some of the hallmarks of a standard cryptocurrency investment scam such as clicking on an advert on social media which may have been celebrity endorsed and remote access software. None of which would've been applicable to Mrs S here. She was referred to the scammer via a friend and said she did her own research which she was happy with. I've noted Mrs S's comments about English being her second language, her research and the scammer pushing her to invest more and more. But I'm satisfied – on the balance of probabilities – that the scammer pushing Mrs S likely caused her to not be honest to E and more than likely would've been another reason why she would've likely ignored any warnings from Revolut.

As a result of the above, I'm not satisfied a tailored warning would've been enough to stop Mrs S making the payment in June 2022. I accept Mrs S says that a tailored warning would've made a difference, but I have to take into account all the evidence, not just her testimony from after the event where there is the benefit of hindsight.

Recovery

Here, because the payments were sent to accounts in Mrs S's name at crypto exchanges a successful chargeback couldn't be raised by Revolut because Mrs S was provided with the service she paid for by the crypto exchanges. As a result, Revolut didn't treat Mrs S unfairly by not pursuing a chargeback here.

I'm sorry to hear Mrs S has been a victim in this way, but I don't think Revolut are responsible for her loss and so I can't fairly ask them to do more.

My final decision

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 S to accept or reject my decision before 12 December 2024.

Mark Dobson
Ombudsman