

The complaint

Mr L is unhappy Revolut Ltd won't reimburse money he lost to a scam.

What happened

The background to this complaint is well-known to both parties, so I won't repeat it in detail here. But in summary and based on the submissions of both parties, I understand it to be as follows.

Mr L complains that from 24 April 2023 he made seven payments from his Revolut account to what he thought was a legitimate investment company.

Payment number	Date	Amount
1	24 April 2023	£1,000.00
2	25 April 2023	£70 returned
3	26 April 2023	£2,000.00
4	27 April 2023	£2,000.00
5	02 May 2023	£1,850.00
6	09 May 2023	£2,500.00
7	22 May 2023	£3,300.00
8	24 May 2023	£2,300.00
	Total Lost	£14,880.00

Mr M says he spotted an investment opportunity in cryptocurrency on a social media platform. Mr L says it was endorsed by a well-known celebrity, so looked legitimate.

After doing some research online and finding positive reviews, Mr L says he set the account up online and started to send the payments.

Mr L was able to make a withdrawal of £70 from his account, but when he ran out of money to invest, he was told his account was locked and then the website disappeared. It was at this point Mr L says he realised he'd been scammed.

Revolut looked into the complaint but didn't think it had done anything wrong by allowing the payments to go through. So, Mr L brought his complaint to our service.

Our investigator looked into the complaint and thought it should be upheld. Our investigator found Revolut should've intervened on the payment of £3,300 on the 22 May and reached out to Mr L to complete further checks. Our investigator said at this point the payment was of high value and being made to a high-risk beneficiary.

Our investigator felt that had Revolut spoken to Mr L, given there was no evidence he'd been coached by the scammer, he would've told the truth and it's likely the scam would've been uncovered.

Our investigator did find Mr L should share some of the blame for the money he lost, and suggested Revolut refund 50% of the money lost from the £3,300 payment onwards.

Mr L agreed with the investigators outcome.

I sent a communication to Mr L on 08 October 2024 to say that I didn't agree with investigators outcome. I did agree that payment 7 should've triggered an intervention, but in the form of an automated warning. I was satisfied this was proportionate in the circumstances of the payments made. Given Mr L had had a crypto specific warning on an earlier payment and had continued to make payments to the scammer, I'm not convinced Revolut needed to do any more here to prevent the scam.

As no agreement could be reached, the case was passed to me for a final 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.

I'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

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, regulator's 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 in July 2023 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;
- 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.

But here, having considered the amount of money sent to the scammer, I'm satisfied payment seven should've triggered further intervention by Revolut given its value and where it was being sent to.

Having considered the amount of money sent as a result of the scam, I agree with the investigator when she said that the payment made on 22 May 2023 for £3,300 was out of character for the account and Mr L's spending. I appreciate the account had only been recently opened, and although there was no spending history to refer to, I'd still expect Revolut to be monitoring the account to prevent the risk of financial harm. The payment was a clear escalation in value and had the potential to cause significant financial harm to Mr L. I consider Revolut ought reasonably to have identified that a pattern had developed – of increasingly large payments to a cryptocurrency provider – that could indicate Mr L was at risk of financial harm from fraud.

So, when Mr L attempted to make payment seven, taking into account what I've said about the increased risk that cryptocurrency transactions presented, I think Revolut ought fairly and reasonably to have recognised the risk had increased and there was a heightened possibility that the transaction was linked to a cryptocurrency scam. In line with the good industry practice that I've set out above, and given the value of the payment, I think Revolut should have given Mr L an automated warning.

So, I've gone on to think about whether appropriate intervention would likely have made a difference and I'm not convinced it would have. I say this as Mr L had already had a crypto specific warning and continued to make payments.

Mr L's representative has said the warning he got on payment 1 would've been generic and not resonated with Mr L. Although Mr L did get a new payee warning that wasn't specific to the type of scam taking place, he was given a Crypto specific warning as well.

Mr L's representative has said that the scam warning provided by Revolut on payment one may not have resonated with Mr L at the time. I've thought about this point carefully, but I don't agree. Having considered how the scam unfolded, I've not seen anything that convinces me that as the scam went on, that any further warnings were going to resonate more with Mr L had they happened. Mr L had also had money back from the scam at the point he made payment seven and I also think this would've likely added to Mr L's confidence that he didn't need to take notice of any warning from the bank.

Mr L feels that Revolut should refund the money he lost due to the scam. I understand that this will have been frustrating for him, but I've thought carefully about everything that has happened, and with all the circumstances of this complaint in mind, I don't think Revolut needs to pay Mr L any compensation. I realise this means Mr L is out of pocket and I'm really sorry he's lost this money. However, for the reasons I've explained, I don't think I can reasonably uphold this complaint.

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 Mr L to accept or reject my decision before 23 November 2024.

Tom Wagstaff
Ombudsman