

The complaint

Mr G complains that Revolut Ltd did not refund the payments he lost to a scam

What happened

Mr G heard about investing in cryptocurrency on a morning television show, and found a company I'll refer to as 'B'. Mr G could not find much information about them online, but the website and platform appeared professional and legitimate. He spoke with an individual from B who advised him to download a screen sharing app called 'AnyDesk', and open accounts with Revolut and cryptocurrency wallets to facilitate the trades.

Mr G made a transfer of £11,000 from his Revolut account to a crypto-currency wallet in his name, and individuals from B then made trades on his behalf. It appeared on the platform that he had made significant returns on his investment, and he wanted to make a withdrawal. He was advised that he needed to pay taxes to withdraw the funds, so made a further £6,000 transfer from his Revolut account to his cryptocurrency wallet. Despite this, he was asked for a further £8,000 before he could withdraw his funds. It was at that point that he realised he had been the victim of an investment scam.

Mr G contacted Revolut to raise a scam claim. They confirmed that they attempted to recover the funds Mr G lost, however none remained in the beneficiary accounts. And they said that they had provided a warning to Mr G about the payments, so felt they had taken steps to try and protect his account from harm, so they did not agree to reimburse him.

Mr G referred the complaint to our service and our Investigator looked into it. They felt that Revolut had attempted to intervene in the payment of £11,000 and had asked Mr G what the purpose of the payment was. However, he had selected 'safe account' which was not the correct option, so the Investigator felt Mr G had affected Revolut's ability to provide a relevant warning for the type of scam he had been the victim of. So, they did not think Revolut could have done more to reveal the scam in the circumstances.

Mr G's representative disagreed with the outcome and felt that further intervention was required when he selected 'safe account' as the payment option, as this is a known type of scam. And they felt further questions from Revolut would have uncovered the scam.

As an informal agreement could not be reached, the complaint has been 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 satisfied Mr G has been the victim of an investment scam, and I'm sorry he has had to go through this experience. As this complaint is against Revolut and not the scammer, I can only consider their actions and whether they did enough in the circumstances to try and keep Mr G's account safe from financial harm.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Broadly speaking, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account. And a customer will then be responsible for the transactions that they have authorised.

It's not in dispute here that Mr G authorised the payments in question as he believed they were part of a legitimate investment opportunity. So, while I recognise that he didn't intend the money to go to scammers, the starting position in law is that Revolut was obliged to follow Mr G's instruction and process the payments. Because of this, he is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams. So, I've also thought about whether Revolut did enough to try to keep Mr G's account safe.

Although this was a new account, so there was very little genuine account activity for Revolut to compare the scam payments to, I think the payment of £11,000 was unusual enough to warrant some form of intervention. I say this because the value of the payment was relatively high and it was to a new payee, so generally posed an increased level of risk. In response to this, Revolut asked some additional automated questions, which included what the purpose of the payment was, so they could better assess the risk level, and I think this was a proportionate response at that stage.

Mr G selected the payment purpose as 'safe account', which did not match up with the correct payment purpose of 'cryptocurrency investment'. Following this, Revolut provided a warning about safe account scams, as these are a well-known type of scam, and they asked Mr G if he wanted to continue with the payment, which he said yes to.

On balance, I don't think this level of intervention was proportionate to the risk-level posed by the payment, as Mr G had indicated the purpose was a 'safe account' which is a well-known scam. So, I think the payment should have been paused and a more detail in-app chat was needed at the time. I've gone on to consider whether I think a manual intervention of an in-app chat would have made a difference in the circumstances and revealed the scam to Mr G.

I can see that Mr G had attempted to make a similar payment the week before, to his wife's account. That payment had also flagged as suspicious, and he had also selected the payment purpose as 'safe account'. Because of this, Revolut had referred Mr G to the in-app chat to answer some more detailed questions about the payment and what it was for. In the chat, Revolut said no institution should guide him on what to say in the chat and if they were, they were trying to scam him. Mr G confirmed in the chat that he had not been told to download AnyDesk. However, I can see from his chat with B that he had been told to download AnyDesk just before this, which suggests to me that Mr G was withholding information from Revolut at that time.

Mr G has also confirmed to us that he was being coached by the scammer over the phone on what to do with the payments, as he trusted them at that time. I have to consider that Mr

G appears to have withheld information from Revolut in the earlier chat, and though he had already been warned about people guiding him on what to say and do with Revolut he had confirmed he was being guided by the scammer at the time. So, I think it's unlikely further warnings from Revolut would have made a difference or meaningfully revealed the scam to Mr G, as I think he was so deep in the scam at the time. I want to highlight that I recognise scammers can be very convincing and are skilled in making victims, such as Mr G, trust them implicitly. So, it is understandable that he followed their instructions in order to ensure the payments were processed.

But considering this, it is difficult for me to agree that had Revolut referred the £11,000 transfer for additional checks, they could have revealed the scam. As Mr G had selected the incorrect payment purpose, Revolut's questioning would have centered around the incorrect type of scam. And as Mr G was being guided by the scammer, and the level of trust had been built up between them, I think it's more likely Mr G would have followed his instructions to answer questions to Revolut, to ensure the security systems were bypassed. So, I think it is unlikely that Revolut could have meaningfully revealed the scam in the circumstances and I therefore don't think they need to reimburse Mr G.

Once Revolut was aware of the scam, it attempted to recover Mr G's funds from the receiving banks. Unfortunately, none of the funds remained in the beneficiary accounts as they had already moved on. So, I don't think Revolut could have done more to try and recover the funds.

My final decision

I do not uphold Mr G's complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 4 October 2024.

Rebecca Norris
Ombudsman