

The complaint

Ms K complains that Revolut Ltd did not refund a series of transactions she lost to a scam.

What happened

Ms K had recently separated from her husband and had begun online dating. In 2021, she met an individual I'll call 'X' for the purposes of this decision. They began talking more and more frequently on the platform and eventually moved to a separate messaging service. X began to tell Ms K about his work as a broker and the company he worked for. He offered to help her learn how to trade in cryptocurrency and eventually she agreed.

X made a number of payments from a third-party bank account in her name and took out some loans with third-party providers to fund this. As part of the investment, Ms K was encouraged to open a Revolut account, and she did so in October 2021. Ms K made the following payments from her Revolut account to the investment:

- 13/10/2021- 1,839.24 GBP
- 02/12/2021- 3,050.58 GBP
- 05/12/2021- 2,960.58 GBP
- 08/12/2021- 1,989.44 GBP

When Ms K attempted to make a withdrawal as she had made significant returns, she was told she would have to pay taxes and fees. She did so and was then told to pay a £32,000 verification fee. When she refused to pay this, X threatened her with legal action, and she came to the realisation she had been the victim of a scam.

Ms K did not immediately make a scam claim with her banks, so raised a claim via a representative in June 2023. Revolut responded and explained that they could not recover the funds through a chargeback claim, as they had no rights to do so. And they did not agree that they had made an error when they processed the payments on Ms K's request. Ms K referred the complaint to our service.

Our Investigator looked into the complaint and did not agree that the transactions in question were unusual enough to have warranted intervention from Revolut at the time, as the values were not particularly high, and the payments were relatively spaced out. So, they did not agree that Revolut needed to reimburse Ms K in the circumstances.

Ms K's representative did not agree with the outcome. In summary, they felt there were multiple risk factors that should have alerted Revolut to the scam, including the fact multiple payments went to a new payee.

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 Ms K has been the victim of a particularly cruel scam, and I'm sorry she'd had to go through this experience. While the scammer is the cause of the loss, this complaint is against Revolut, so I can only consider their actions within this decision.

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 have been good industry practice at the time, I consider it fair and reasonable in October 2021 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.

I've reviewed Ms K's statements and considered whether the scam payments were suspicious enough to have warranted some form of intervention from Revolut before they were processed. I've taken into consideration that this was a new account with no genuine transaction history for Revolut to compare the scam payments to. Having done so, I just don't think the value or pattern of payments was unusual enough for me to agree Revolut should have referred them for additional checks.

The payments themselves were spread out over two months, with the last three payments occurring over six days. I therefore don't think the frequency of the payments were so close together that I would have expected Revolut to intervene. And while the overall loss was over £10,000, the individual payments were not of such a high value that I would have expected Revolut to have concerns about the overall pattern of the payments. So, I don't think they missed an opportunity to intervene and meaningfully reveal the scam at the time. And I do not recommend that they reimburse Ms K in the circumstances.

As the card payments went to another account in Ms K's name before being forwarded onto the scammer, there were no funds remaining in the beneficiary account that Revolut could have recovered once they were aware of the scam. And as Ms K used the merchant to provide a genuine service, there were no grounds for Revolut to raise a chargeback claim. So, I don't think Revolut could have done more to try and recover Ms K's funds once they were aware of the scam.

My final decision

I do not uphold Ms K's complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 15 October 2024.

Rebecca Norris
Ombudsman