

The complaint

Mrs M is complaining that Revolut Ltd won't refund money she lost to a scam.

The complaint is brought on Mrs M's behalf by a professional representative.

What happened

The background to this complaint is well known to both parties so I'll summarise it briefly here.

In short, Mrs M fell victim to an investment scam after being approached through a social media message. The scammer told her to open a Revolut account and use it to make trades to a trading platform through a cryptocurrency exchange.

Mrs M made three debit card payments to a cryptocurrency exchange from her newly opened Revolut account, as follows:

Date	Amount
13 June 2023	£985.58
19 June 2023	£1,250
19 June 2023	£1,100

Mrs M reported the scam to Revolut on 22 June 2023. Revolut advised her to submit a request for chargeback claims for the payments, but they later told her they had been unsuccessful.

Mrs M complained to Revolut, but they didn't think they'd done anything wrong. She brought her complaint to us, through her representative, and our investigator didn't think it should be upheld. Mrs M's representative asked for her complaint to be reviewed by an ombudsman, so it's now been passed to me.

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 sorry to learn about what happened to Mrs M. It seems she's been the victim of a cruel scam, and I can understand why she would think her money should be refunded. But I don't think that I can fairly say that Revolut should refund the money she lost. I'll explain why.

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 them 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 June 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 their 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 do, including in relation to card payments); 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.

This was a newly opened account, so Revolut had no transaction history to compare these payments to in order to establish that they were out of character or unusual. And although I appreciate that from Mrs M's point of view, the scam payments were significant, they were not of a value where I'd usually expect Revolut to be concerned that she was at a heightened risk of financial harm.

In addition, the pattern of payments here didn't look typical of a scam. Mrs M made three payments with a six-day gap between the first and second payment, and they didn't escalate in value or frequency in the way that could be a warning sign that a scam might be taking place. And Mrs M's payments were made to what at the time appeared to be a legitimate cryptocurrency exchange. It appears that a Financial Conduct Authority warning about the authorisation status of this particular cryptocurrency exchange was issued in October 2023, and it no longer provides a service to customers based in the United Kingdom. But this wasn't the case at the time of Mrs M's payments.

I would expect Revolut to be aware that scams involving cryptocurrency are increasingly prevalent, and I've taken this into account in deciding whether Revolut ought to have intervened. But it was reasonable for Revolut to consider a range of factors when deciding whether to make further enquiries of Mrs M about the payments. And taking all the circumstances into account here, I don't think it was unreasonable for Revolut not to view the payments as suspicious. So, I've not found that Revolut ought to have done any more to prevent the scam payments Mrs M made.

There are industry standards around attempting recovery of funds where a scam is reported. But the payments here were made with Mrs M's debit card, and so couldn't be recalled or stopped.

It's possible to dispute a debit card payment through a process called chargeback, which can sometimes be attempted if something has gone wrong with a debit card purchase, subject to the relevant card scheme's rules. I can see that Revolut guided Mrs M to request chargeback claims for the payments, but after reviewing the circumstances Revolut decided they had little prospect of success, so didn't attempt them.

I don't think chargeback claims against the cryptocurrency exchange would have had a reasonable prospect of succeeding here. This is because Mrs M received the cryptocurrency she had bought with her debit card, so she received the service she'd paid the cryptocurrency exchange for. So, I don't think Revolut could have reasonably done anything else to recover Mrs M's payments.

I know this outcome will be disappointing for Mrs M and I'm sorry for that. But for the reasons I've explained, I don't think Revolut should have done more to prevent her loss. So, it wouldn't be reasonable for me to ask them to refund the payments she made

My final decision

My final decision is that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 30 October 2024.

Helen Sutcliffe
Ombudsman