

The complaint

Ms M complains that Revolut Ltd hasn't protected her from losing money to a scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat everything here. In brief summary, Ms M has explained that in November and December 2022 she made a number of payments from her Revolut account for what she thought was a legitimate investment. The transactions have been set out to the parties elsewhere prior to this decision. The payments numbered 12; six were made by card; six were made by bank transfer; and collectively they totalled £106,505.

In February 2023 Ms M reported to Revolut that she'd been scammed. Ultimately Revolut didn't then offer to reimburse the funds Ms M said she'd lost, and Ms M referred her complaint to us. Our Investigator here didn't recommend that Ms M's complaint should be upheld. But Ms M disagreed, so the case has been passed to me for a decision.

I sent Ms M and Revolut my provisional decision last month explaining why I wasn't minded to uphold this complaint. Revolut responded and said it didn't have any further points to make. Ms M disagreed with my provisional decision. Now the parties have had a fair opportunity to respond (and have done so), I've reviewed everything again and I'm now ready to explain my 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.

Having done so, I've reached materially the same conclusions as in my provisional decision and for the same reasons. That is, I've decided not to uphold this complaint. I've explained my reasons again below, with some further comment, where I have deemed this appropriate, to address Ms M's response to my provisional decision.

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 her response to my provisional decision, Ms M has said she was totally manipulated by fraudsters, this whole experience has left her traumatised, and that her financial situation will be highly compromised unless she can recover some of the funds. So first I'd like to emphasise what I said in my provisional decision. I have no doubt Ms M has been the victim of a scam here. She has my sympathy. Ultimately, however, Ms M has suffered her loss because of fraudsters, and this doesn't automatically entitle her to a refund from Revolut.

It would only be fair in this case for me to tell Revolut to reimburse Ms M her loss (or part of it) if I thought Revolut reasonably ought to have prevented the payments (or some of them) in the first place, or Revolut unreasonably hindered recovery of the funds after the payments had been made; and if I was satisfied, overall, this was a fair and reasonable outcome.

Prevention

I'm satisfied Ms M authorised the relevant payments. Revolut would generally be expected to process payments a customer authorises it to make. And under The Payment Services Regulations and the terms and conditions of the account, Ms M is presumed liable for the loss in the first instance, in circumstances where she authorised the payments. That said, as a matter of good industry practice Revolut should have taken proactive steps to identify and help prevent transactions – particularly sufficiently unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there are many payments made by customers each day and it's not realistic or reasonable to expect Revolut to stop and check every payment instruction. There's a balance to be struck between identifying payments that could potentially be fraudulent, and minimising disruption to legitimate payments (allowing customers ready access to their funds).

In this case Ms M's Revolut account was opened on 27 October 2022, very shortly before she made the payments she lost to the scam. So, given the lack of account history it would have been difficult for Revolut to assess what might become or be usual and characteristic account activity for Ms M. Nevertheless, given the circumstances of the payments, I do think Revolut ought to have been concerned at quite an early stage that there was a significant risk Ms M was making the payments as a result of a scam.

I note, however, that Revolut *was* concerned about this, and that it did intervene in at least some of the payments before they were executed. And whilst in some cases there might be reason to question whether such intervention went far enough and at each appropriate point, I don't think the answer to this would make a difference in this case. So, whilst, in her response to my provisional decision Ms M has said she doesn't think Revolut did carry out sufficient checks, she never saw any warnings, and it was never possible to talk to Revolut because all communication took place via an in-app chat, I'm not persuaded these points change things. I say this because essentially I'm not satisfied any level of reasonable intervention with regards to the payments would have stopped Ms M from ultimately making payments of this amount to the scammers and ultimately losing them. In her response to my provisional decision Ms M has said this is assumptive. But in situations where I can't be sure about something, I need to make my decision based on the balance of probabilities – in other words, based on what I think most likely would have happened, taking into account all the available evidence and arguments. And here, I'm persuaded it is more likely than not that any level of reasonable intervention from Revolut would not have stopped Ms M from ultimately making payments of this amount to the scammers and ultimately losing them.

I say this because Ms M wasn't upfront with Revolut when she was questioned about the payments. The scammers had told her to tell her banks no-one else was helping her with her crypto payments and that she didn't have a financial adviser. She's said in her response to my provisional decision that she never saw any warnings and the fraudsters had control of her computer. But I understand she trusted she was making profits from her 'investment' and unfortunately was very much under the spell of the scammers. Such that, even when, in December 2022, Nationwide questioned her about payments she'd been making from her Nationwide account, she told Nationwide she'd been making them herself. Nationwide told Ms M it thought the payments were being made as a result of fraud when Ms M couldn't provide all the information it wanted to know about the 'investment'. Then Nationwide refused to allow any more payments from Ms M's Nationwide account, but despite this Ms M continued communicating with the scammers and making payments to them. For example,

in separate cases here – Ms M's two separate complaints about Wise and Zopa, which I'm issuing decisions on concurrently with this one – I can see that Ms M made many more payments to the scammers in January and February 2023 from her Wise account, and she took out a loan, in communication with the scammers, in February 2023 with Zopa.

Bearing all of this in mind, I appreciate Ms M appears to have been completely under the spell of the scammers despite intervention, for example from Nationwide, and I totally sympathise with her having been scammed. But I'm not persuaded here that I can reasonably say any level of reasonable intervention from Revolut in November or December 2022 is most likely to have been able to prevent Ms M's loss. In her response to my provisional decision Ms M has said if Revolut had stopped the payments or restricted her account like Nationwide, this would have given her the opportunity to reflect. But I note that Nationwide did that. But Ms M still, nonetheless, continued communicating with the scammers and making payments to them, as I've said above. So, even if I thought Revolut should have refused to make the payments (and I'm not necessarily saying I do think that), I think, based on what subsequently happened, it's most likely Ms M would still, ultimately, have ended up paying and losing the money to the scammers.

Recovery

I understand six of the payments were made by debit card to an account with Binance. Because these payments were made by debit card, after they'd been made the only potential avenue for recovery of these payments would have been through the chargeback scheme. However, because these payments were made to Binance (and not directly to the scammers), the merchant here for chargeback purposes would be Binance (and not the scammers). I understand Ms M would've received the services from Binance intended, which was the transfer of her funds to cryptocurrency. The transfer of the cryptocurrency onto the scammers would not give rise to a valid chargeback claim through Revolut. So I can't say Revolut unreasonably hindered recovery of these funds.

The remaining six payments were made by bank transfer. I'm aware that after Ms M notified Revolut she'd been scammed, Revolut tried to recover these funds from the receiving banks, but unfortunately no funds were available for recovery. I don't think this is surprising given the scam payments were made in November and December 2022, but Ms M didn't notify Revolut she'd been scammed until February 2023 – and it's common for funds like this to be spent quickly by the recipients presumably to frustrate recovery. I appreciate Ms M has said she notified Revolut she'd been scammed as soon as she could, and I'm glad to hear – as she's said in her response to my provisional decision – that she did manage to recover some money from Nationwide. But, in the circumstances of this case, I'm not persuaded I can say Revolut unreasonably hindered recovery of these payments; (I note that £24.52 was returned to Ms M's Revolut account on 23 December 2022, but Revolut has explained this was an automatic reversion of a payment for the same amount Ms M made two days prior which it didn't initiate. So the £24.52 returned on 23 December 2022 isn't relevant to the recovery of the disputed scam payments).

Finally, in her response to my provisional decision Ms M has said that Revolut told her on 30 November 2022 that her account would be deactivated but this didn't happen until 30 January 2023, and she's said generally she's unhappy with incompetency from Revolut. But if Ms M is unhappy with Revolut's decision to deactivate her account (and it's not clear she is), that would be something Ms M should take up as a separate matter. But for the reasons I've explained, I don't think I can say Revolut's acts or omissions were the cause of Ms M's loss in this case.

I realise this means Ms M is significantly out of pocket. And I'm sorry if she's lost money. But I can't reasonably ask Revolut to reimburse her in circumstances where I don't think it ought reasonably to have been able to prevent her loss.

My final decision

For the reasons explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 3 April 2024.

Neil Bridge
Ombudsman