

The complaint

Miss P complains about Revolut Ltd.

She says that Revolut didn't do enough to protect her when she became the victim of a scam and would like it to refund her the money she has lost as a result.

What happened

Miss P made a connection with an individual on a dating app. After striking up a conversation, the individual began to compliment Miss P and made her feel appreciated. They asked Miss P if she had WhatsApp and the conversation moved to that platform.

The individual told Miss P that they lived in Miami but would be in the UK for the coronation. The individual had mentioned that alongside their day-to-day role, they also invested in cryptocurrency, but Miss P did not comment on this at the time.

Miss P asked to meet when the individual would be in the UK, but the individual made excuses or avoided the question.

After a few weeks, the individual began to talk about his investments more, and asked Miss P to join him so she could make money too.

Miss P says that she felt pressured, but as she felt they had built a strong relationship didn't want to risk losing this and so eventually agreed to invest. The individual showed Miss P the platform they were using, which seemed professional, and after doing some research online, was reassured that there were more good reviews than bad. She was reassured that it was a genuine opportunity and decided to invest.

Initially, Miss P attempted to make the payments from her usual bank – but it told her that it didn't allow payments to crypto. She then began making payments from another account, but it then blocked the payments and questioned her about what she was doing. Miss P closed this account, and moved her money to Revolut, where she made the following payments.

Date	Payee	Payment type	Amount
26/06/2023	Gemini UK	Transfer	£100
26/06/2023	Gemini UK	Transfer	£910
27/06/2023	Gemini UK	Transfer	£3,000
27/06/2023	Gemini UK	Transfer	£3,000
27/06/2023	Gemini UK	Transfer	£1,000
		Total	£8,010

Miss P then discussed what was happening with one of her friends, but the friend said that they were concerned Miss P was being scammed. They told her to try and withdraw her money from the investment, but when she tried to do so was told that she needed to pay 25% of the total investment as a fee for making the withdrawal.

Miss P contacted the individual to ask why she was being told to do this, and they said she needed to follow the instructions given by the platform. She then realised she had been scammed.

Miss P complained to Revolut, but it didn't uphold her complaint.

Unhappy, she brought the complaint to this Service. Our Investigator looked into things but didn't think that the complaint should be upheld.

Miss P asked for an ombudsman to make a final decision, so the complaint has 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.

Having done so, I've decided not to uphold this complaint, for broadly the same reasons as our Investigator. I know this will be disappointing for Miss P, so I'll explain why.

It isn't in dispute here that Miss P has been the victim of a scam and has lost money as a result. However, even when it is clear that a scam has taken place, and an individual has been tricked out of their money, it doesn't necessarily follow that a business will need to refund the money that has been lost.

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 having been good industry practice at the time.

In broad terms, the starting position at law is that banks, electronic money institutions (EMI's) and other payment service providers (PSP's) are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (PSRs) and the terms and conditions of the customer's account.

Miss P authorised the payments in question here – so even though she was tricked into doing so and didn't intend for her money to end up in the hands of a scammer, she is presumed liable in the first instance.

But this isn't the end of the story. As a matter of good industry practice, Revolut should also have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there is a balance to be struck: banks had (and have) obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction

Taking the above into account, I consider Revolut should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and 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 banks 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, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

This leads me to consider if Revolut acted fairly and reasonably in its dealings with Miss P when she authorised the payments from her account, and whether it could and should have done more before processing the payments.

Miss P opened her account with Revolut with the account purpose of 'vaults' – which I believe shows that she intended to use the account for the purpose of transferring funds to crypto currency, which are the only transactions Miss P made on the account.

While there are many instances of customers being scammed while purchasing crypto – not every payment of this type is made as part of a scam, and so I don't believe that Revolut should have immediately been on notice that Miss P was potentially at risk of financial harm.

Looking at the transactions Miss P made from her account to Gemini (a crypto exchange) I don't believe that the first two transactions were sufficiently unusual or suspicious enough for Revolut to have got in touch with her about what she was doing. However, by the third payment, I think a pattern was emerging which should have caused Revolut cause for concern. I say this because while not all crypto payments are related to a scam, they do carry an elevated risk, and crypto is known as a method commonly used by scammers due to the lack of transparency in the movement of funds.

At this point Revolut did provide Miss P with a written warning about scams – it said that they payment was 99.2% more unusual than all of Revolut transactions and told her to take care and do research before continuing. It also said that fraudsters will try to trick individuals into sending money by pretending to be someone you trust.

I don't think that this warning went far enough – and Revolut should have provided more information as part of its written warning in order to make it more effective. However, in order for me to uphold this complaint, I would have to also think that a better written warning would have prevented Miss P from continuing to make the payment. And I don't think that it would.

Miss P's payment journey with the scammer began with her usual bank, which told her that it didn't allow payments to crypto. This is an individual decision by this business. Miss P then began to make payments from an account she held with another UK bank. When Miss P tried to make a larger payment, the bank intervened – and spoke with Miss P about the payment she was trying to make.

As part of this conversation, it gave Miss P a clear warning that it thought she was falling for a scam – and it refused to allow the payment through. But rather than take on board what it told her, Miss P withheld what was truly happening, closed her account and moved the money on to continue making payments to the scammer.

I know that Miss P believes that as Revolut is a separate bank to the one which gave her a clear warning, it should not be absolved of its own duties – and that had it also intervened it may have been able to convince her that she was being scammed. Miss P also says that by taking this stance, it would mean that an intervention at say bank 10 in a chain where she made payments from 100 different banks would absolve banks 11-100 of any responsibility.

But in this instance, as I have explained, I would only have expected Revolut to give Miss P a tailored written warning about the scam. Miss P spoke with her other bank at length three

times about the payment she wanted to make. It asked her specific questions about what she was doing – and given what it told her blocked her account.

I therefore don't think that a written warning from Revolut would have changed her mind given the clear message she was provided by an individual she was talking to directly only a few days before.

I know that Miss P was ultimately persuaded by a friend that she was being scammed – but Miss P revealed more information about the relationship she believed she was in, to this person which she withheld from her bank.

And while I have taken into account what she has said about the scenario she set out – I am not looking at a chain of 100 banks here, so I cannot say how such a situation would be considered.

I am very sorry for the situation Miss P now finds herself in, I know that she has been taken advantage of by a cruel and malicious scammer which has left her feeling vulnerable and exploited. But the fault for what has happened lies with the scammer. And I can't ask Revolut to refund her when I am not satisfied that a better intervention would have made a difference.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 4 July 2024.

Claire Pugh
Ombudsman