

The complaint

Ms K complains that Revolut Ltd won't reimburse her after she fell victim to an investment scam.

Ms K is represented by a family member in bringing her complaint to our service, but for ease of reading, I'll refer to all submissions as being made by Ms K directly.

What happened

Ms K has explained that she came across an investment advertisement on a social media platform that interested her and registered her interest. Ms K was contacted by phone and on an instant messaging app by an individual purporting to be an investment broker, offering to help Ms K make money from a minimum investment of £100. Unfortunately, unknown to Ms K at the time, the 'broker' was in fact a fraudster.

The fraudster reassured Ms K on the firm's legitimacy by directing her to a Companies House page in their name. The fraudster also explained how the investment worked, and how the brokers earn money by collecting a fee from investors' returns. Ms K was directed to download screen sharing software on her devices and was guided on making an account on an online portal. Ms K was then directed on how to make a payment to her account.

The initial investment appeared to be performing well and around two months later, the fraudster advised Ms K that they were running a promotion and that she would be able to make profits if she made further investments. Ms K explains she was initially against doing so, but was reassured she would be able to withdraw her funds shortly after, and on this basis agreed. Over the next few months she was encouraged into making a further three payments for promotion opportunities.

After doing so, Ms K advised the fraudster she wished to withdraw funds. She was told she would have to open an account with a European bank and that she would have to pay a fee of around £1,500 to withdraw her funds, which would be returned with her investment. However, once Ms K had made this payment, she was told that funds were disappearing from her trading account and that she would have to pay an insurance fee of around £1,350 or take the case to court. Ms K explains she felt scared and so agreed to pay the fee.

Ms K was then told she had to pay a further £240 for her insurance documents to be issued, which again she agreed to do. However, she then received a call a few days later and was told her 'broker' no longer worked for the firm as he had been acting deceitfully, and that Ms K needed to pay a further £2,750 to cover funds lost from her account. At this point, Ms K realised she'd fallen victim to a scam and contacted Revolut to make a claim. For clarity, below is a full list of payments Ms K made towards the scam:

Date	Payment type	Value
21/04/2023	Card payment to payee 1	£99.38
28/06/2023	Card payment to payee 2	£618.93
18/07/2023	Card payment to payee 2	£513.99
03/08/2023	Card payment to payee 2	£1,001.96

10/08/2023	Card payment to payee 2	£1,189.61
16/08/2023	Card payment to payee 2	£1,578.57
18/08/2023	Card payment to payee 2	£1,342.58
19/08/2023	Bank transfer to new payee	£240.00

Revolut considered Ms K's complaint but didn't uphold it. For the card payments Ms K made, it didn't consider Ms K had a valid chargeback claim, as the payments were authorised by Ms K and payments to 'payee 2' were made to a cryptocurrency exchange provider – therefore the service was provided by the cryptocurrency provider when the payments were converted into cryptocurrency. However, the chargeback claim for Ms K's payment to 'payee 1' was won, and this payment was refunded to Ms K.

Revolut attempted to recover Ms K's bank transfer payment from the beneficiary account, but unfortunately this was unsuccessful.

Ms K remained unhappy and referred her complaint to our service. An investigator considered the complaint but didn't uphold it. He didn't think the payments Ms K made were so out of character or unusual that Revolut acted unreasonably by not intervening. He also thought there wasn't anything further Revolut could reasonably have done to have recovered Ms K's funds.

Ms K disagreed with the investigator's view. To summarise, she considered the account activity was out of character, particularly as the account wasn't used for day to day expenses and argued that how much a 'large amount' of money is is debateable, based on the individual. She also argued that as one of her payments was refunded under the chargeback scheme, the others should be eligible for reimbursement also. Ms K also questioned why 'confirmation of payee' checks were not completed by Revolut when she made these payments.

As Ms K disagreed with the investigator's opinion, the complaint has been referred 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.

Having done so, while I'm sorry to disappoint Ms K, I'm not upholding her complaint. I appreciate this isn't the outcome she was hoping for, but I've explained my reasons for reaching this outcome below.

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

However, 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 that in April 2023, when these payments began, 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.
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving and the different risks these can present to consumers, when deciding whether to intervene.

It isn't in dispute that Ms K has fallen victim to a cruel scam here, nor that she authorised the disputed payments she made from her account (as while she didn't know the true destination of her funds, she was aware the payments were taking place), but I've thought about whether Revolut should have reasonably intervened prior to processing the payments.

I've reviewed Ms K's bank statements for the 12 months prior to the scam and can see that Ms K's Revolut account wasn't regularly used – as Ms K has explained the account was largely for making payments abroad or transferring funds to family. While I appreciate Ms K's comments that this ought to have made the fraudulent payments appear more unusual, I think it also means that Revolut has less customer information to rely on when determining what *is* usual spending for Ms K.

Irrespective of this, Revolut processes thousands of genuine transactions daily and therefore has a difficult balancing act to strike between protecting its customers from financial harm, and not overly inconveniencing its customers making genuine payments. Considering the value of these payments, I can't conclude that Revolut acted unreasonably by not making further enquiries prior to processing them. I completely appreciate Ms K's points that what should be considered a 'large payment' is debateable, but I also have to account for how many other genuine payments Revolut will process daily which, on the face of it, look exactly the same as the fraudulent ones made here. And that without intervening on all these payments, it wouldn't be possible for Revolut to detect the difference. Based on the value of the payments, as well as how they were relatively spaced out in time, rather than in quick succession, I can't conclude that there were sufficient fraud indicators here to determine that Revolut acted unreasonably by not taking additional steps to protect Ms K before processing them.

Additionally, while Ms K has raised the lack of 'confirmation of payee' checks, these checks don't apply to card payments, as most of these scam payments were. So I don't think this has impacted Ms K or Revolut's ability to prevent this scam from occurring. As her final payment was made internationally, it's also possible that this function wouldn't have been available for the bank transfer she made.

Could Revolut have done anything else to recover Ms K's' money?

I've also thought about whether Revolut could have done more to recover Ms K's funds after she reported the fraud.

The majority of payments were made by card to a cryptocurrency provider - and that cryptocurrency was sent on to the fraudsters. So, Revolut would not have been able to recover these funds.

In addition, I don't consider that a chargeback on these payments would have had any prospect of success, given there's no dispute that the cryptocurrency platform performed its given role in providing cryptocurrency in return for payment in fiat currency.

I appreciate that Ms K's first payment was successfully refunded as part of a chargeback. I'm not aware of the reasons this chargeback was successful. However, it doesn't appear this payment was made to a cryptocurrency exchange in the same way the others were and therefore it may be the case that it couldn't be proved that a service was provided for the funds that had been sent.

In any event, chargebacks are a voluntary scheme and Revolut isn't required to raise one where it considers there is little chance of success. For the remaining payments Ms K made by card, as I've explained, as the payments went to a cryptocurrency provider that provided its given role by exchanging funds for cryptocurrency, I don't think Revolut were required to attempt a chargeback for Ms K, based on its limited prospects of succeeding.

In considering the payment Ms K made by bank transfer, Revolut has confirmed it attempted to recover the funds but was unsuccessful. I think Revolut did all it reasonably could in the circumstances of this payment to recover funds.

Overall while I appreciate it will be a disappointment to Ms K, I don't think Revolut is responsible for her losses and it therefore follows that I don't require it to reimburse her.

My final decision

My final decision is that I don't 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 26 February 2025.

Kirsty Upton
Ombudsman