

The complaint

Mr P complains that Revolut Ltd hasn't protected him from losing money to an investment scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat everything here. In brief summary, Mr P has explained that in October 2023 he made a transfer of £10,000 from his Revolut account ultimately for what he thought was a legitimate investment.

Mr P subsequently realised he'd been scammed and got in touch with Revolut. Ultimately, Revolut didn't reimburse Mr P's lost funds, and Mr P referred his complaint about Revolut to us. As our Investigator couldn't resolve the matter informally, the case has been passed to me for a 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 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 focused 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.

First, let me clarify exactly what this decision is about. The wider circumstances are that between August and October 2023, as a result of an investment scam, Mr P took out eight loans totalling £149,000 with third-party financial institutions, which were paid into his account with a third-party bank who in this decision I'll call "N". Mr P made 16 payments totalling £149,452.49 (basically the funds from the eight loans) from his account with N:

- 12 of these 16 payments, totalling £139,250, were sent to Mr P's account with another third-party bank who in this decision I'll call "C". And Mr P then moved these funds on from his account with C, by way of 12 payments totalling £140,144, which ultimately he then lost to the scam.
- 3 of these 16 payments, totalling £10,000, were sent to his own account with Revolut. And Mr P then moved these funds on from his Revolut account, by way of one payment totalling £10,000, which ultimately he then lost to the scam (this is the payment which is the subject of this decision).
- The remaining payment (from the 16 payments) was made by debit card for £202.49.

I understand the payments Mr P lost to the scam therefore total £150,346.49 (that's the total of the 12 payments from his account with C totalling £140,144, plus the one payment from

his Revolut account of £10,000, plus the card payment from his account with N for £202.49). But Mr P received back credits totalling £3,729 into his account with C (as a result of the scam), taking his net loss to the scam to £146,617.49.

As well as referring this complaint to us about Revolut, Mr P also referred a separate complaint to us about N, which has been resolved at this service separately. This decision here concerns only Revolut's part in Mr P's transferring the one payment of £10,000 from his Revolut account in October 2023.

I'm sorry Mr P lost this money. Ultimately, however, the fraudsters were the root cause of this, and this doesn't automatically entitle him to a refund from Revolut. It would only be fair for me to tell Revolut to reimburse Mr P his loss (or part of it) if I thought Revolut reasonably ought to have prevented the payment in the first place, or Revolut unreasonably hindered recovery of the funds after the payment had been made; and if I was satisfied, overall, this was a fair and reasonable outcome.

Prevention

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 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 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;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- 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.

No intervention would have made a difference

While I think Revolut ought to have recognised that Mr P was at heightened risk of financial harm from fraud when making this payment, I don't think any proportionate intervention by Revolut would likely have prevented Mr P's loss. This is because:

- I note that, the day before, Mr P was attempting a different payment from his Revolut account and, in-app, Revolut and Mr P discussed this. Revolut asked him some questions and warned him about investment scams.
- The next day, when he made the £10,000 payment in question, Revolut showed Mr P warnings about potential fraud. Again, in-app, Revolut and Mr P discussed things and Mr P was warned of scams. And Mr P said he was aware of the risks, that everything was fine, and he understood recovery of the funds would be unlikely if something went wrong.
- As Mr P should recall, N also intervened and blocked his account (with N) on numerous occasions to try to protect him from being scammed, to the point where Mr P became very frustrated. N has provided us with copies of call recordings of these interactions it had with Mr P, from which I'm satisfied Mr P was unfortunately intent on saying whatever he needed to say to get the payments made. And, as our Investigator pointed out, there is also evidence that Mr P wasn't upfront with Revolut about the real reasons for his payment.

I have to be fair. Given the nature of these interactions Mr P had about payments he ultimately lost to the scam, I'm not persuaded I can reasonably say any proportionate intervention from Revolut would likely have prevented Mr P from making this payment. Such that I'm not persuaded I can fairly say here that Revolut, even if it had intervened further, would likely have been able to prevent Mr P's loss.

Recovery

Recovery, unfortunately, was never going to be likely in this case. This is because by the time Mr P notified Revolut about the scam, his funds had already been converted into cryptocurrency and lost to the scammers. So I don't think I can fairly say Revolut unreasonably hindered recovery of the funds after they were sent.

I'm sorry Mr P was scammed and is out of pocket. However, I am pleased to see that C refunded to Mr P £128,050. I understand this was provisional on the basis that if any of the loan companies agreed to write off any of the loans (which they haven't) it would have to reconsider things, but as I understand it this hasn't come to pass, such that Mr P has now essentially recouped £128,050 of his loss. This has reduced his net loss to £18,567.49 (that's the £146,617.49 figure less £128,050). Bearing in mind I think it's fair to say from the nature of Mr P's interactions with N and Revolut that Mr P wasn't as careful with his money as he reasonably ought to have been, and that I don't think I can fairly say Revolut ought reasonably to have been able to have prevented the £10,000 payment, I think this is a good outcome for Mr P, given the circumstances. And I can't fairly ask Revolut to reimburse him further in circumstances where I don't think it can reasonably be held responsible for Mr P's loss of this payment, or any failure to be able to recover it.

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 Mr P to accept or reject my decision before 8 October 2024.

Neil Bridge
Ombudsman