

The complaint

Miss S is complaining that Revolut Ltd are not refunding payments she made to a scam.

What happened

In November 2023 Miss S was introduced to an investment opportunity by a friend. She used her Revolut debit card to buy cryptocurrency, which she then transferred to what she thought was a genuine investment platform, as follows:

Date of payment	Amount
3 November 2023	£180
14 November 2023	£203.98
20 November 2023	£229.48
21 November 2023	£520.15

When Miss S tried to withdraw funds from the investment she was unable to do so, and she was then told that she'd lose the funds she'd already invested if she didn't invest further. Miss S realised she'd been the victim of a scam, and on 29 November 2023 she contacted Revolut to report it.

Revolut looked into what had happened, but they didn't agree to refund the money Miss S had lost to the scam. Miss S brought her complaint to our service.

Miss S said, in summary, that Revolut should have had additional security measures in place to identify that the payments were being made as part of a scam – and she's recently discovered they do now show a warning for cryptocurrency payments. She says she's never invested in cryptocurrency before and the payments she made were out of character as she mainly used the account abroad, or to transfer money to friends and family. She says she's also in touch with other people who have been victims of the same scam, and Revolut have given them refunds.

Our investigator didn't uphold Miss S's complaint. She didn't think that Revolut ought to have intervened when Miss S made the payments to the scam. Miss S didn't agree with the investigator's findings, so her complaint's been passed to me for review and 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.

Having done so, I'm not upholding Miss S's complaint. I'll explain why.

In broad terms, the starting position at law is that an Electronic Money Institution (“EMI”) such as Revolut are 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 November 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;
- 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 their products, including the contractual terms, enabled them 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 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 an established account which Miss S had been using for some time. Although she didn’t use the account very frequently, over the years she had made a number of payments of a similar value to the payments she made as part of the scam. I don’t think the values of the scam payments were so unusual or outside of the expected running of the account that they should have prompted an intervention from Revolut.

I also note that the pattern of payments here didn’t look typical of a scam. Miss S made four payments which were spread over 18 days, and they didn’t escalate rapidly in value or frequency in the way that could be a warning sign that a scam might be taking place.

I can see that Miss S hadn’t previously made any payments to cryptocurrency from this account, and I would expect Revolut to be aware that scams involving cryptocurrency are increasingly prevalent. 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 Miss S about the payments.

In this case, the pattern of payments wasn’t consistent with fraud and their values did not suggest a heightened risk of financial harm. Even combined with the other factors, I don’t think it was unreasonable for Revolut not to view the payments as suspicious.

Miss S says that when she’s attempted to buy cryptocurrency recently she’s been shown a warning on her Revolut app that she wasn’t shown at the time she made these payments. It’s certainly possible Revolut have made changes to their approach since Miss S made the

payments in dispute. But this doesn't mean that they ought to have given a warning at the time she made the payments in November 2023.

I've thought about what Miss S has said about Revolut providing refunds to other customers who were victims of the same scam. I understand this must be frustrating for Miss S, but it's within Revolut's power to decide whether to offer a refund or not when they carry out their own investigation, and I don't think they need to explain to Miss S why they've decided to refund other customers. I must consider the individual circumstances of complaints that are brought to us. And having done so here, I've not found that Revolut ought to have done any more to prevent the scam payments Miss S made.

There are industry standards around attempting recovery of funds where a scam is reported. But the payments here were made with Miss S'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. Revolut have confirmed that they didn't attempt a chargeback for the payments Miss S made. But I don't think that any chargeback would have had a reasonable chance of being successful here, even if it had been attempted. This is because Miss S received the service she'd paid for in the purchase of the cryptocurrency.

I know this outcome will be disappointing for Miss S 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 Miss S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 19 July 2024.

Helen Sutcliffe
Ombudsman