

The complaint

Mr F complains Revolut Ltd won't refund the money he lost to a scam.

What happened

In 2023, Mr F saw an advert on social media for an investment platform ("S"). They appeared to be promoted by a well-known public figure. Thinking it all appeared legitimate, Mr F responded to the advert and was contacted by an agent for S. Unfortunately, S were a scam.

S helped Mr F set up an account with Revolut, as well as with cryptocurrency exchanges, in order to purchase cryptocurrency to send on to S's platform. They used remote access software to guide Mr F through the process. In September 2023, Mr F made the following payments from his Revolut account in connection with the scam:

Date	Payment type	Recipient	Amount
13/09/2023	Faster payment	"Z" - cryptocurrency merchant	£2,500
14/09/2023	Faster payment	Z	£20,000
15/09/2023	Faster payment	Z	£5,000
21/09/2023	Faster payment	"C" - cryptocurrency merchant	£15,000 - declined
21/09/2023	Faster payment	"L" - individual	£5,770 (£9.47 recovered)
21/09/2023	Faster payment	"T" - individual	£4,518 (£589.16 recovered)
21/09/2023	Faster payment	"A" - individual	£3,677
21/09/2023	Faster payment	"N" - individual	£1,035

I understand Mr F was told he had to "provide £22,500 of liquidity" to access his investment. He was persuaded to take out a loan to fund this. When he tried to send more money from his bank account to Revolut, his bank required him to attend branch to discuss the payment. When it spoke to him, the scam was unearthed.

Mr F reported the scam to Revolut in October 2023. It succeeded in recovering a small proportion of the funds (as set out in the table above). He then complained to Revolut (via a professional representative) in November 2023, primarily alleging it ought to have done more to protect him when he made the payments. As Revolut didn't agree to refund him, he referred the matter on to our service.

Our investigator didn't uphold the complaint. She found Revolut had intervened when Mr F made some of these payments. And he hadn't been truthful about what he was doing – and was being coached by the scammers on what to say and do when Revolut displayed warnings and questioned him. So, while she thought Revolut's intervention should have gone further, she wasn't persuaded it would have succeeded in uncovering the scam.

The investigator also explained the Contingent Reimbursement Model (CRM) code (which Mr F's representative had referred to) didn't apply here as Revolut wasn't a signatory. She also thought it had acted promptly to attempt to recover the funds when the scam was reported.

Mr F appealed the investigator's outcome. His representative raised the following arguments:

- Revolut should have been concerned that Mr F advised he had opened the account for the purpose of travelling with his wife – but then used it for other reasons.
- It said Mr F was being penalised for selecting “incorrect” payment purposes. But it the payments to individuals were “peer to peer” (P2P) cryptocurrency sales. It said Mr F had therefore answered correctly, when questioned, that he was purchasing goods and services.
- If Revolut had asked the right questions and taken correct action such as blocking his account or enacting Banking Protocol, the scam would have been uncovered.

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 it. I'll explain why.

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 that, at the time of these payments, 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;
- 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.

As this account was newly opened for the scam, Revolut wouldn't have known right away what looked unusual for Mr F. In that context, I don't think the first scam payment gave it much cause for concern. However, it did intervene with the second scam payment (of £20,000), as well as at several other points. The key question I need to consider is therefore whether Revolut's intervention went far enough – and if not, whether that had a material impact on Mr F's fraudulent losses.

At the point of the £20,000 payment, it appears Revolut issued a warning tailored to the key risk associated with the payment reason he selected – as it showed him a warning about buying goods online. Mr F responded that he wanted to proceed and was taking all responsibility for his funds. Given the payment size, I do think there was more Revolut probably ought to have done here to better understand what Mr F was doing (and warn him appropriately).

A few days later, after Mr F paid a further £5,000 to Z, Revolut restricted his account. It required him to provide photo verification to show it was actually him – and questioned him to find out more about what he was doing. He explained he was transferring funds to an “official P2P seller” on a well-known cryptocurrency platform.

Revolut then asked Mr F further questions – including whether he had recently downloaded any screensharing applications and whether he was advised to create a Revolut account after learning about an investment opportunity advertised on social media. He answered no to both questions. It also asked if he had been able to withdraw from his cryptocurrency account – which he said he had.

In reality, Mr F has told us he had been using remote access software with S and had been instructed by them to set up the Revolut account – having found them from a social media advert. It also doesn't appear he had made any withdrawals.

Revolut asked why Mr F was using it as an intermediary to make the payments, given they were being funded by transfers in from his bank account. He said he preferred it that way and that he was mainly intending to use the account for travel. While his representative says that should have given Revolut concern as it didn't match his spending, he then went on in his next message to say he understood he could also use the account for different things. In that context, I don't think the account use would have been seen as a concerning contradiction.

During the chat, Mr F also expressed frustration at being asked to answer these questions, saying he didn't want to share information which he deemed deeply private. He reiterated several times that he wanted to proceed, that he understood the scam risks, and that he would take all responsibility for his money.

Looking at the contact records Mr F has provided between him and S, it appears he was being coached by them on what to tell Revolut (and possibly also the originating bank) about the payments. I appreciate he was open to doing so as he was under the spell of the scam. But the overall effect was that the true scam risk was less obvious to Revolut – making it harder for it to accurately warn him about this.

In that context, while I agree there were points at which Revolut should have done more (such as when Mr F made the £20,000 payment), I'm not persuaded this would have succeeded in dissuading Mr F. He wasn't being open about what he was doing, to make it appear he was just buying cryptocurrency from P2P sellers – which can be done legitimately, and wouldn't have looked inconsistent with the payments he was making.

Overall, I don't agree with the representatives' assertion that better or "correct" questioning would have uncovered the scam. It was clear Mr F was persistent about wanting to make the payments, and I think he would have continued to have been guided by S on how to respond in order to minimise suspicion.

I appreciate the other bank was later able to uncover the scam by requiring Mr F to attend branch. But my role is to look at Revolut's actions. As an Electronic Money Institute (EMI) which operates online, it doesn't have branches so didn't have the option of requesting Mr F attend in order to discuss what he was doing in person. Overall, I'm not persuaded it's fair to blame it for not uncovering the scam and preventing Mr F's losses at the point he requested these payments.

I've looked at whether there are any other reasons why Revolut is responsible for Mr F's loss. It isn't a signatory of the CRM code so that isn't a relevant consideration here. I'm also satisfied Revolut acted promptly to attempt to recover the funds once Mr F reported the details of the scam. In all the circumstances, while I empathise with Mr F's situation in having lost a significant amount to this sophisticated scam, I'm not persuaded it would be fair to hold Revolut liable for his loss.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 17 July 2024.

Rachel Loughlin
Ombudsman