

The complaint

Mr B complains that Revolut Ltd (“Revolut”), have failed to refund money that he lost as part of an investment scam.

What happened

Mr B was discovered an investment company which was actually a scammer that I will call C. Mr B was persuaded to make a number of payments from his Revolut account via transfer to a third-party company. It appears that the funds were then converted into crypto and were then sent to B.

The payments Mr B made from his Revolut account were as follows;

Transaction Number	Date	Amount	Type of payment
1	16 September 2022	\$3,400	BACS
2	19 September 2022	\$3,380	BACS
3	21 September 2022	\$3,385	BACS
4	27 September 2022	\$3,225	BACS
5	28 September 2022	\$3,185	BACS
6	30 September 2022	\$3,304	BACS
7	11 October 2022	\$5,400	BACS

Mr B then tried to withdraw the “profits” that he had made and when he was unable to do so B then stopped all contact and Mr B realised he had been scammed.

Mr B raised a complaint with Revolut as he believed that it should have stopped him from making the payments in question.

One of our investigators looked into this matter and they decided that the payments were not indicative of a scam and therefore should not have been stopped by Revolut. He also did not think that the funds could be recovered via other means. He therefore did not uphold this complaint.

Mr B did not agree with the investigator’s conclusions. So his complaint has been passed to me to issue 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, I agree with the conclusions reached by the investigator for the following reasons.

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 September 2022 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;
- 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.

In this instance, the transactions were not in isolation large enough, and the pattern of spending was not sufficiently indicative of a scam, to be considered unusual or sufficiently out of character to have prompted an intervention from Revolut. The transactions were spaced out and were also not to a company linked with crypto. The account had also not really been used before, so Revolut did not have a transaction history to compare the scam payments to, to understand whether the payments were unusual for Mr B.

So, having considered the payments Mr B made, I'm not persuaded there was anything that ought reasonably to have triggered Revolut's fraud monitoring systems, or that would have indicated he was in the process of being scammed. I therefore do not consider there to have been any obligation on Revolut to have intervened or provide a scam warning to Mr B for the above payments. Given this, I do not think that it could have uncovered and prevented the scam.

I can see that Revolut did provide a general warning when the first payment was made. But as I don't think that it was necessarily obliged to provide such a warning for the first payment, although I think it was reasonable that it erred on the side of caution and issued one anyway, I essentially think Revolut did more than I think it needed to in relation to this payment.

I've also thought about whether Revolut did enough to attempt to recover the money Mr B lost. In this instance the transfers would not be covered by the Contingent Reimbursement Model ("CRM"). Also, I don't think it could have recovered the funds from the accounts they were sent to because of the time that had elapsed between the transactions and when the scam was reported.

I appreciate this will likely come as a disappointment to Mr B, and I'm sorry to hear he has been the victim of a cruel scam. However, I'm not persuaded that Revolut can fairly or reasonably be held liable for his loss in these circumstances.

My final decision

My final decision is that do not uphold this complaint.

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

Charlie Newton
Ombudsman