

The complaint

Mr D complains that Revolut Ltd ('Revolut') won't refund the money he lost after falling victim to a scam.

What happened

Mr D's complaint has been brought to our service by a professional representative. As the account is in Mr D's name, I'll refer to Mr D throughout this decision.

In December 2022, Mr D was called by someone who claimed to be a broker working for an investment company, I'll refer to this company as R. The broker said they could help Mr D trade on the stock markets. Mr D says he was in contact with the broker for approximately 8 weeks before he decided to invest.

Mr D opened an account through R's website and had 3 to 4 calls a day with the broker. Mr D can't remember what returns were promised, but says he was sent a link to an online review website which showed that R had a 5 star rating. He also said that the broker was very convincing.

As a result, Mr D made the following payments from his Revolut account.

Date	Details of transaction	Amount
12.1.2023	Payment to O	£1,780.00
12.1.2023	Payment to I	£1,355.00
12.1.2023	Payment to A	£565.00
12.1.2023	Payment to G	£801.00
20.1.2023	Payment to I (2)	£657.00
20.1.2023	Payment to M	£143.00
8.2.2023	Payment to O (2)	£1,650.00

Mr D says he was told to pay different individuals each time, all of which were employees of R, as it would avoid him having to pay high fees.

When Mr D tried to withdraw the funds from his investment, he was initially told he couldn't because the program was broken. Ultimately, when Mr D wasn't able to withdraw any of his money, he realised it was a scam and contacted Revolut.

Mr D raised a fraud claim with Revolut, who declined to refund him. Revolut say no funds were recovered from the beneficiary banks, and that Mr D was shown a warning that included a link to their blog on fraud, so they're not liable.

Mr D wasn't happy with Revolut's response, so he brought a complaint to our service.

An investigator looked into Mr D's complaint and didn't uphold it. The investigator felt Revolut should've identified that Mr D was potentially at risk of falling victim to a scam when he made the fourth payment and provided Mr D with a warning. However, the investigator didn't think a warning would've made a difference or prevented Mr D's loss.

Mr D disagreed with the investigator's opinion and asked for an ombudsman to review the complaint.

Mr D referred to various regulations including the Lending Standards Board's Contingent Reimbursement Model Code (the CRM Code), British Standards Institute (BSI) Code of Practice, Conduct of Business Sourcebook (COBS) and the FCA's Principles of Business. He also disputed that he would've ignored a warning, saying he couldn't afford to lose this money. Mr D feels that as Revolut didn't provide a warning, they should be held liable for his loss. And, as a minimum, Revolut should've contacted him through the in-app chat and asked open, probing questions about the payments. Mr D also doesn't feel weighting should be applied to a hypothetical situation of what might've happened if a warning had been given.

As the case couldn't be resolved informally, it was passed to me to review.

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.

And where there is a dispute about what happened, and the evidence is incomplete or contradictory, I've reached my decision on the balance of probabilities – in other words, on what I consider is most likely to have happened in light of the available evidence.

Revolut aren't a signatory of the CRM Code so, I can't consider Mr D's case under the provisions of it.

In broad terms, the starting position in law is that Revolut are expected to process payments that a customer authorises them to make, in accordance with the terms and conditions of the customer's account and the Payment Services Regulations 2017 (PSR's).

But, taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Revolut should fairly and reasonably have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams. Also, I'd expect Revolut to have 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). And where a potential risk of financial harm is identified, to have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – as in practice all banks do.

Should Revolut have intervened when Mr D made the payments?

I'm satisfied that when Mr D made the fourth payment, Revolut should've identified a potential risk of financial harm.

I say this taking into account the pattern of payments, being four payments made on the same day and the payments all being made to new payees. I think this should've concerned

Revolut and in response that they should've provided an onscreen warning based on the payment purpose Mr D selected in making the payments.

Revolut say that a new payee warning was shown when Mr D set up the new payees, but I'm not satisfied that was sufficient when Mr D made the fourth payment. At that point, I think Revolut should've asked Mr D what the purpose of the payment was and provided a warning based on that purpose.

If Revolut had asked Mr D for a payment purpose, I think it's most likely he would've selected one related to investing.

Would a warning have made a difference and prevented Mr D's loss?

Having carefully considered the circumstances, I can't safely conclude that Mr D wouldn't have proceeded with the payments if he was shown a written warning about investment scams. I say this because:

- the scammers were using the details of a genuine financial institution, so online research is unlikely to have shown Mr D any concerning information about R
- Mr D had seen a 5 star review for R on a well-known website
- Mr D was having daily calls with a broker, whom he found persuasive
- there isn't anything to suggest that Mr D was promised an unrealistic return

Also, while there is an FCA (Financial Conduct Authority) warning in relation to the genuine company, this wasn't posted until April 2023, after Mr D had made his payments. So, it wouldn't have been available if Mr D had researched R online. On that basis, I think it's more likely than not a written investment warning wouldn't have prevented Mr D from making further payments or prevented his loss.

I appreciate that Mr D believes Revolut should've provided human intervention and directed him to their in-app chat, asking open questions about the payment he was making. But I'm not satisfied that human intervention would've been proportionate in these circumstances taking into account the information Revolut had available at the time Mr D made the payments.

I understand that this constitutes a lot of money for Mr D, but the payments made on 12 January were for less than £5,000 in total and the subsequent payments were made over a week later. Reviewing Mr D's account statements prior to making these payments, he regularly made payments to new payees, albeit for lower values than involved in this scam. It also wasn't unusual for him to make multiple payments on the same day, with the Revolut account being used on an almost daily basis. So, I wouldn't have expected Revolut to provide human intervention or have directed Mr D to their in-app chat.

While Mr D may not agree with a decision being reached based on a hypothetical situation, this is all I can do at this stage. I have to reach an answer on the balance of probabilities, in other words based on what I think is more likely than not to have happened if Revolut had intervened in the manner that I think is proportionate.

Also, I can't fairly hold Revolut liable for Mr D's loss just because it didn't provide a warning when I think it should've. I can only decide what I think would've happened if the appropriate action had been taken and what I think is the most likely impact of that action being taken.

Mr D has raised concerns about the investigator not addressing each individual point that was raised in response to the view. I'd like to reassure Mr D that I have considered all the points that he has raised. However, I have focused my decision on what I consider to be

crux of his complaint, the outcome I have reached and the reasoning to explain to how I reached my decision.

Recovery of funds

From what I've seen Revolut attempted to recover Mr D's funds from the beneficiary banks in a timely manner, however by the time Mr D reported the scam no funds remained in the accounts.

I'm really sorry to disappoint Mr D, but I'm not satisfied that I can fairly ask Revolut to refund him.

My final decision

My final decision is that I don't uphold this complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 16 October 2024.

Lisa Lowe
Ombudsman