

The complaint

Ms P complains that Revolut Ltd (Revolut) won't refund the money she lost when she fell victim to a scam.

What happened

Ms P says she heard about cryptocurrency through her son and was looking to invest. Around August 2022, she came across a company I'll refer to as 'L' and decided to trade with them.

L directed her to set up cryptocurrency wallets to send funds on to their platform to trade. When Ms P first complained, she said she didn't know how to set up the wallets, so L did this for her using remote access software. Ms P sent most of the money to the scam from her Revolut account (via her cryptocurrency wallets). The payments appear to have been largely funded through withdrawals from an investment portfolio she held, often paid into her bank account then sent on to Revolut.

Unfortunately, it appears L were operating a scam. Ms P realised this in early 2023 as she had asked to make a large withdrawal, but L kept making excuses for why she couldn't do so. By that point, she had paid around £1,200,000 into the investment (including for alleged fees she was told were needed to withdraw her funds).

Ms P complained to Revolut (via a professional representative) that it should have done more to protect her when she made the payments. She said if it had identified the risk the payments presented, and questioned her about what she was doing, it would have recognised the hallmarks of a scam and prevented her loss.

As Revolut didn't agree to refund Ms P, she and her representative referred the matter to our service. Our investigator looked into things and found Revolut had questioned Ms P about the very first scam payment for £1,000. At that time, he didn't think it had cause to realise she was being scammed. But Ms P went on to make much larger cryptocurrency payments. While Revolut had asked Ms P for proof of funds due to the size of the deposits she made, it hadn't directly questioned her about any further outward payments.

When Ms P sent a payment of £100,000 in December 2022, the investigator thought Revolut ought to have intervened – and would likely have prevented further losses. Ms P said she hadn't used remote access software initially, but had used it to make these larger payments. So, the investigator thought that would have made the scam more obvious. Particularly as, by this point, there was information in the public domain about L branding it a scam.

The investigator recommended a 50% refund from this point (he thought Ms P should share some liability for the loss). Ms P agreed, but Revolut appealed. It said Ms P's testimony about when she used remote access software had changed. And she was an experienced investor who had built up a relationship with the scammer, and wouldn't have been deterred by intervention.

Revolut also highlighted that, in the messages provided between Ms P and the scammer, she had flagged poor reviews prior to when the investigator said it should have deterred her. When asked about this, Ms P said she discussed the reviews with L and it reassured her they were rogue reviews, and showed her other, positive reviews.

The investigator then obtained information from Ms P's bank about the deposits to Revolut to fund the payments. He found it had questioned Ms P about several of these – as well as an attempted payment directly to her cryptocurrency wallet. In the latter case, she had maintained she wasn't using any traders/brokers or other parties, and was just trading by herself. She had also shown resistance to the bank's questioning about what she was doing, and had told them a payment to Revolut was to do work abroad, rather than for investing.

In light of this evidence, while the investigator thought Revolut ought to have done more, he wasn't persuaded this would have dissuaded Ms P. He said she hadn't been forthcoming in how she answered the questions, had built up a strong relationship with the scammers, and wasn't deterred by the negative reviews – which included that the FCA, the UK's financial regulator, had issued a warning about L.

Ms P appealed the investigator's outcome so the case was passed to me. I've summarised the main points put forward by her representative to explain why she disagreed:

- The context of her calls with the bank was different to the scenario if Revolut had intervened in December 2022.
- She answered the bank's questions truthfully and openly. In relation to saying she was acting alone, it said presumably this was in regard to her answering questions related to a 'safe account scam'. And the payment she said was for work abroad was intended for this reason at the time, but she later decided to invest it.
- She wasn't coached or told to lie. Appropriate questioning by Revolut would have made the scam risk obvious.

In April 2024, I issued my provisional decision explaining why I wasn't minded to uphold this complaint:

In line with the Payment Services Regulations 2017 (PSRs), Revolut is expected to execute authorised payment instructions without undue delay. It's agreed Ms P authorised the payments she is disputing, albeit she did so due to being tricked by a scam. So the starting position is that Ms P is liable for them.

However, taking into account the longstanding regulatory expectations and requirements and what we consider to have been good practice at the time, I think Revolut should fairly and reasonably have been on the lookout for the possibility of fraud or scams. And that it should have taken additional steps, or made additional checks, before processing payments in some circumstances. In practice, it's clear this is something Revolut does.

I've therefore considered whether Revolut ought to have identified a fraud risk in relation to these payments such that it should have looked at the wider circumstances surrounding the transaction. If it failed to do so, and that failure led to a fraudulent loss, it might be fair to hold it liable.

I agree with the investigator that the initial intervention on the first scam payment (sent from Revolut) seems broadly proportionate. I don't think the payment looked particularly concerning. Furthermore, given how Ms P responded to more detailed questioning from her bank, around the same time, about another attempted payment to her cryptocurrency wallet – it seems unlikely the scam would have been uncovered at that point.

This account was opened during the scam, and was predominantly used to make cryptocurrency payments. That will have fed into Revolut's view of the type of activity to expect on Ms P's account. However, I do think there came a point when it should have been concerned about the level of the transactions, so should have done more to look into what Ms P was doing. But, on balance, I'm not persuaded this would have dissuaded Ms P from proceeding.

The contact Ms P had with her bank during the period of the scam has fed into my view on this point. Despite what Ms P's representative has asserted, I think there are a number of indications during the calls that Ms P isn't fully divulging the details of the payments – and is reluctant to do so.

For example – when trying to make a payment to the cryptocurrency wallet, Ms P insists she is trading by herself, with her own money. She specifies no traders, brokers or other parties are involved. Despite the representative's assertion Ms P answered openly and honestly, and wasn't coached on what to say – I struggle to reconcile her answers with what was happening. As she was in fact investing through L. I don't think her representative's characterisation that she only maintained she was acting alone in response to safe account scam concerns makes sense in the context of the calls I've listened to.

Further to this – Ms P also confirmed to her bank she wasn't using remote access software. That is also what she told Revolut when it asked about the first scam payment. Ms P has subsequently said that's because she hadn't been asked to download it at the time, it was only used later on to make the larger payments. But that contradicts what she told Revolut, and us, in her initial complaint submission – which said:

“Our client is very unfamiliar with cryptocurrency and was unaware of how to set-up the wallets herself. Instead, [L] set-up our client's crypto wallets through [remote access software].”

Her initial complaint also said “all” payments were set up through remote access software.

While Ms P/her representative now maintains the software wasn't used until later on, it hasn't explained why it included this specific detail when complaining if it wasn't true. It's therefore unclear to me whether she did have the software at the time, in which case her response to intervention by her bank and Revolut wasn't correct. If it wasn't used until later on, that suggests what we and Revolut were told during the complaint was incorrect, which makes it harder for me to place as much weight on her testimony about the scam.

Ms P also expressed frustration at being questioned about what she was doing. She told her bank it wasn't their business what she was doing with her money, and that she felt it was prying into her finances. She said she knew all about scams, mentioning her business and experience in the financial industry, and maintained nothing untoward was going on.

Weighing all of this up, I think there is considerable reason to doubt whether, through more extensive questioning and/or at a later date, Ms P would have divulged that she was investing through L – rather than trading by herself, as she told her bank. In which case, I don't think Revolut would have been able to accurately assess, and warn Ms P, about the risk she was being scammed.

I appreciate Ms P's point that the calls with her bank happened at an earlier stage in the scam, and the payments were for much smaller amounts. However, particularly looking at what she said about the cryptocurrency payment, it does feed into my view of how she is likely to have responded to further intervention. I don't think it seems likely she would have been more forthcoming at a later date. In fact, I think it seems less likely she would have put much weight on intervention/a warning from Revolut as time went on.

It's clear from the contact records Ms P has provided that the scammers cultivated a relationship with her over time, building up her trust. It seems there were regular calls, so I don't know exactly what was discussed. But from what I've seen, it looks as though the scammers were using social engineering tactics to exert influence over Ms P. And the more time that went on, the more she would have trusted what their platform appeared to show.

This was a very sophisticated scam. And Ms P was clearly very much 'under its spell'. While new to cryptocurrency, it also appears she was an experienced investor. I do think that is likely to have fed into her judgment on whether the investment was legitimate. And I think it calls into question the suggestion that she would have deferred to Revolut's judgment and warnings, as her payment provider, about the risks involved.

There has been a suggestion that a later intervention would have worked because, by December 2022, there was public information that cast doubt on L's legitimacy which Revolut could have highlighted. However, from what I've seen, it appears much of this information was known to Ms P.

In December 2022, Ms P sent L a link to a review about them – so was clearly alive to public information about them. While the page was updated in early 2023, so I can't see exactly what was displayed at the time – looking at the comments from December 2022, and the content on the page, it seems clear it branded L a scam from the outset. The page was published shortly after the FCA issued a warning about L operating without authority. And the review refers to this "recent" warning – making it appear very likely this was included from the start.

Ms P says she sent L the review to discuss – and it reassured her they were legitimate. But I don't think there was anything else Revolut could have been expected to flag, beyond what was set out in the review, that would have made her realise L were a scam. The fact she turned to L to discuss the review, rather than seeking independent advice/input, casts further doubt on whether she would have been open to intervention from Revolut.

I do appreciate why Ms P was so persuaded by this point, such that she was convinced to carry on investing with L. But it does make me think it's unlikely Revolut would have been able to break the spell of the scam.

Overall, I do think Revolut should have done more here. It allowed Ms P to send very substantial sums on to cryptocurrency wallets without doing much to protect her and educate on the risk and prevalence of investment scams like this. I can therefore understand why she feels strongly about pursuing Revolut for her loss. However, that in itself doesn't give me grounds to direct Revolut to reimburse her. I'd only do so if I found, on the balance of probabilities, that Revolut's errors caused Ms P's loss.

Having carefully considered all the circumstances, for the reasons I've outlined above, I'm not persuaded it did. That's primarily because it's unclear to me that Ms P would have divulged the full details of what she was doing. Even if she did, or if Revolut otherwise gave her an overview of the risks of these types of scams, I'm not persuaded this would have succeeded in convincing her she was being scammed. So I'm not persuaded Revolut would have been able to prevent her loss.

I asked both parties to provide any further comments or evidence for consideration. Revolut responded but didn't provide any further comments. I've summarised the main arguments raised by Ms P's representative in response to my provisional findings:

- There isn't sufficient evidence available to claim it's likely the FCA warning was included in the website page Ms P saw and sent on to the scammers (deeming L a scam). As an experienced investor, she wouldn't have ignored this. When Ms P first contacted the representative, she was unsure if L were a scam – but accepted they were when shown the warning.
- The website Ms P found deeming L a scam was also poorly constructed, and at that point she hadn't invested the majority of her funds.
- The questions asked by Ms P's bank during the cryptocurrency intervention call were closed and leading. And while it might have been suitable for a smaller payment, it wouldn't have been suitable for the much larger payments Ms P went on to make from Revolut.
- There was no legitimate reason for Ms P to be sending such large sums to cryptocurrency in quick succession. And the majority from January 2023 were for HMRC payments. If Revolut had enquired about the source of funds, they would have been able to explain to Ms P that the scenario fit a known pattern of fraud.
- Ms P asked her bank for its opinion in later calls. This shows she was open to heeding their advice, contrary to what I said in my provisional decision. So, those calls should be taken into account.
- It apologises for any miscommunication in the initial complaint. But Ms P later clarified that she only allowed the scammer access to her computer once she could see her investments were performing well – in around December 2022/January 2023.
- Ms P had previously informed Revolut she was using the money for a house. While this was an honest change of heart, it would have been an indication something might be wrong and not to take Ms P's answers at face value.
- Ms P fell victim to a scam at a vulnerable time in her life, losing a very significant amount – and it's agreed it didn't do enough to protect her. She was not provided with any coaching or a cover story, and was not told to lie to her bank. So intervention would have succeeded at the time of the higher value scam payments – particularly as an FCA warning had been issued about L by that point.

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. That is largely for the reasons given in my provisional decision, which are set out above and form part of my final decision. So, I'll focus here on responding to the points raised since issuing my provisional findings.

To start, I'll address the arguments about the FCA warning and the review page Ms P sent L. I do accept that, due to the page update, it is not certain that the website contained reference to the FCA warning. However, I must decide on the balance of probability. Given the review was added the day after the FCA warning was published, I do consider it likely it featured in – and perhaps prompted – the review.

Ms P's representative says the website containing the review was poorly constructed, and she wanted to discuss it before jumping to conclusions. Regardless, if it did contain the FCA warning, I think that strengthens the argument for why it seems unlikely Revolut would have been able to uncover the scam and dissuade Ms P from proceeding. It suggests she would have turned to L to seek reassurance if any further concerns were raised.

I would also point out that, as well as the review page focussed on, Ms P also sent L a link to their entry on a well-known, reputable review site. I can see there was at least one review pre-dating when Ms P sent this link to L branding them a scam – and mentioning that they are listed on the FCA website.

So, accepting the ambiguity about the specific information the webpages showed – particularly the first one – it is still clear Ms P was put on notice of public reviews raising significant concerns about L being a scam. And her response was to send those to L to discuss. It is also evident that, following a discussion, she was suitably persuaded to continue sending large sums to L.

I would also explain that, even if Revolut had intervened further, I would not have expected it to complete research into the investment Ms P was making. Rather, if given relevant information about what she was doing, I would have expected it to have warned her about any risk factors this might be a scam, and perhaps advise her to look into L further. In the context of having already seen public information branding L a scam, and being persuaded to disregard this by L and to continue paying large sums, I am not persuaded it is likely such intervention would have dissuaded Ms P.

Furthermore, in order to be put in a situation to issue this level of warning, Revolut would have needed information from Ms P about what she was doing. As she was paying money first to her own cryptocurrency wallets, the payment information didn't make it clear that she was sending funds on from there – and if so, who she was paying and for what purpose.

I appreciate Ms P's representative says she wasn't given a cover story or told to lie about what she was doing. But, as I have already explained in my provisional decision, I do think there are indications Ms P didn't divulge certain details to her bank – calling into question whether she would have mentioned these if questioned further by Revolut.

When speaking to her bank about a payment to her cryptocurrency wallet, Ms P said she was trading by herself without the involvement of any traders, brokers or other parties. Whereas she was actually investing with L. By maintaining she was acting alone, it was less clear she was being manipulated by a scammer.

I agree the bank's intervention wasn't at a level that would have been proportionate in response to the much more significant sums Ms P went on to send from Revolut. But it still suggests Ms P would similarly have maintained she was acting alone if questioned further by Revolut – making it harder for it to gauge, and appropriately warn Ms P, about the true scam risk.

As covered in my provisional decision, I am also conscious Ms P told both her bank and Revolut she wasn't using remote access software when questioned at the beginning of the scam. Her representative has reiterated that remote access software wasn't being used at the time of these interventions, but was by the time Ms P was sending much more significant payments on to the scam through Revolut.

Despite apologising for this miscommunication, the representative's response still does not make clear why their initial submissions said remote access software was used from the outset to set up the cryptocurrency wallets. Without further insight into how and why this was stated if incorrect, I have doubts about which statement to trust.

If the software was used from the outset, that would further suggest Ms P was reluctant to divulge the full details of what she was doing – making the risk less obvious. But as covered in my provisional findings, if this detail was included incorrectly in the complaint, it still gives me cause to doubt the reliability of what I have been told about the specifics of the scam – which are crucial to determining what would have happened through better/further intervention by Revolut.

I do appreciate why Ms P was very taken in by this scam. I am aware it is common in scams like this for the scammer to give reasons to the consumer, which may seem legitimate and convincing at the time, as to why they should give a cover story – or omit some details – if questioned about payments to the scam. But what I am considering is whether Revolut holds fault for what happened.

Where I have reason to think Ms P likely would not have divulged fully what she was doing, that is relevant for determining the likelihood Revolut should have prevented the scam. From what I have seen, I'm not confident Ms P's response to further questioning would have made the risk clear. And I do think that would have hampered Revolut's ability to protect her.

Ms P's representative argues there was no legitimate reason for her to be sending so much money to cryptocurrency merchants. I don't agree; cryptocurrency purchases do not always relate to a scam. But I do think the amount and volume of the payments Ms P sent should have alerted Revolut that there was a significantly heightened risk here.

However, I do not think that alone means Revolut ought to have refused the payments. From the information obtained from Ms P about her source of funds, it knew she was an experienced investor with a high-value portfolio. Her business and investment experience was also something she highlighted when speaking to her bank. In that context, I do not think it would have seemed as implausible that Ms P may have been genuinely investing so much in cryptocurrency independently – which, on balance, is what I think she would have told Revolut.

Even so, given the sums involved, I think Revolut should arguably still have warned Ms P about the main risks and features of cryptocurrency scams. But looking at the sophistication of this scam and the level to which L managed to keep persuading Ms P in the face of concerning information, I am not persuaded this would have successfully dissuaded her from proceeding. By late 2022, it is clear L had managed to build up significant trust.

In that context, I am not persuaded Ms P would have taken Revolut's word or its advice over her own experience of investing in general, or specifically with L. While her representative says she asked her bank for its opinion in later intervention calls, showing she was open to heeding their advice – the advice she sought was only about *Revolut*.

Ms P explained she was concerned that her payments to Revolut kept getting flagged. She explained she was using the account to avoid charges abroad. So there was still no mention of her using the account to send funds on to invest. That is despite the fact she had exclusively used her Revolut account to send funds on to her cryptocurrency wallet (and then on to the scam) at that point.

Looking at how the account went on to be used, I can't see Ms P ever did use it to fund international spending or the works she told her bank she was getting done abroad. So again, despite seeking some reassurance from her bank, she didn't seek input from them on the investment she thought she was undertaking. I am therefore not persuaded this shows she would have looked to Revolut for input on this issue.

Furthermore, I think there is a difference between Ms P seeking reassurance/advice from her main bank, who she appears to have been a customer of for some time – and seeking advice from Revolut as an Electronic Money Institute with whom she had only very recently set up an account. The fact she sought input from her bank shows she had reservations about Revolut. Overall, I do not think Ms P would have seen Revolut as a trusted expert from whom she was willing to accept guidance and warnings.

Ms P's representative also argues Revolut should have been concerned as Ms P had been intending to use the money for a house – but went on to use it for the investment. I can't find much to show Ms P telling this to Revolut; it is not captured in the online chat I have seen. And when Ms P opened the account, she selected several reasons for the account purpose – including “crypto”. So I do not think it would have automatically seemed concerning to Revolut that Ms P used the account in this way.

Furthermore, if Ms P did tell Revolut she had intended to use the money for a house, I still do not think that means it ought to have unveiled the scam. Firstly, this is because the representative has told us this was an honest change of heart by Ms P – suggesting she wasn't intending to use the money for investing. That does strike me as somewhat unlikely, given the account was nearly exclusively used for cryptocurrency payments. But if it was simply a change of heart, I do not agree, as Ms P's representative has suggested, that this meant Revolut should have known not to take her answers at face value. I struggle to follow this logic if the suggestion is that Ms P was being open about her intentions.

Regardless, the main issue – as I have already covered above – it seems unlikely to me that further questioning and warnings would have succeeded in dissuading Ms P. I don't consider it likely Ms P would have fully divulged what she was doing, based on her earlier contact with Revolut and her bank. So I don't think Revolut would have been put on notice of the clearest indications Ms P was falling victim to a scam.

This was a sophisticated and convincing scam, both in terms of how professionally the investment company presented, and through its use of social engineering to ingratiate and build up trust. In those circumstances, even if Revolut had discussed the payments with Mrs P further, including covering off the main risks and features of cryptocurrency scams, I'm not persuaded that would have dissuaded her from proceeding. And given what Revolut knew about Ms P's circumstances, I can also understand why it wouldn't have refused the payments outright.

I appreciate this will be disappointing for Ms P, who has lost out significantly to this scam. And I do think Revolut's actions fell short; it should have done more to protect and warn Ms P about the fraudulent risk associated with these transactions. But as I'm not persuaded these failings had a material impact on Ms P's loss, I do not consider it fair to direct Revolut to refund her.

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 Ms P to accept or reject my decision before 6 September 2024.

Rachel Loughlin
Ombudsman