

The complaint

Mr E complains that Revolut Ltd won't refund the money he lost when he was the victim of a scam.

What happened

In August 2022, Mr E says he saw an advert for a cryptocurrency investment company on a social media website. He clicked on the advert and was taken to the company's website, where he then filled out an enquiry form and made an initial deposit from an account he held with another bank.

Mr E was then contacted by someone who said they were an advisor from the investment company and told him to download remote access software so they could control his computer. After Mr E did this, the advisor then talked him through opening an account on the company's trading platform. They also opened accounts for him with Revolut and a cryptocurrency exchange, and made a number of payments through his Revolut account to the exchange and then on to the company's platform.

I've set out the payments made from Mr E's Revolut account below:

Date	Amount
25 August 2022	£1,100
30 August 2022	£3,050
2 September 2022	£3,400

Unfortunately, we now know the investment company was a scam. The scam was uncovered after Mr E tried to withdraw some of the profit the company's platform was showing he had made. But the platform wouldn't let him withdraw, and the advisor then told him he needed to pay more money in before he could withdraw. Mr E then realised he had been the victim of a scam and reported the payments to Revolut.

Revolut investigated but said it wasn't at fault for processing the transactions Mr E had authorised, and that it had provided warnings about scams and done all it could to try to recover the payments. So it didn't agree to refund the money Mr E had lost. Mr E wasn't satisfied with Revolut's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They thought Revolut should have done more to protect Mr E but that, even if it had done so, it wouldn't have prevented Mr E losing the money he did. So they didn't recommend that Revolut should have to refund the money Mr E lost. Mr E disagreed with our investigator, so the complaint has been passed to me.

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 don't think it would be fair to require Revolut to refund the money Mr E lost. I'll explain why below.

The statements for Mr E's Revolut account show the payment of £3,400 on 2 September 2022 was returned to his account a few days later. So Mr E hasn't suffered a loss as a result of this payment, and I've focused my decision on the remaining two payments which haven't been returned.

Account providers are expected to make payments in line with their customers' instructions. And while Mr E says the advisor from the investment company made the payments from his Revolut account using remote access software, Mr E knowingly gave the advisor access to his computer and account using the software and appears to have been aware of the payments being made. So while I appreciate he didn't intend for the money to ultimately go to scammers, I think Revolut has acted reasonably in treating these payments as authorised. And so the starting position in law is that Revolut was obliged to follow Mr E's instructions and make the payments. So Mr E isn't automatically entitled to a refund.

The regulatory landscape, along with good industry practice, sets out requirements for account providers to protect their customers from fraud and financial harm. So, in line with this, I think Revolut should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and 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 account providers 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, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

But, even if Revolut had identified that Mr E was potentially at risk of financial harm from fraud as a result of these payments and carried out the further checks I would've expected it to before allowing them to go through, I don't think this would have prevented Mr E from losing the money he did.

The payments made out of Mr E's account weren't for particularly large amounts, or for amounts where I would've expected Revolut to recognise them as suspicious based on their size alone. Mr E's Revolut account had only been opened a few days earlier, so there wasn't much previous account activity for Revolut to compare the payments to when assessing whether they were unusual. And one of the purposes given when the account was opened was transfers, so the payments weren't out of line with what Revolut was told the account would be used for. So I wouldn't have expected Revolut to identify a significant risk as a result of these payments.

When the payments were made though, Revolut says the purpose for them was given as 'safe account'. And as this is a well-known and common type of scam, I would have expected Revolut to ask further questions after being told of this payment reason, to make sure that Mr E wasn't falling victim to this type of scam – which it doesn't appear to have done.

But even if Revolut had asked the further questions I would've expected it to here, Mr E has said the advisor from the investment company was operating his computer to make the payments and dismissed any warnings that were displayed. So I think it's likely that the advisor would have dismissed any further warnings Revolut displayed as well. And if Revolut had asked further questions about the payments, I think it's likely the advisor would either have answered them or have told Mr E how to answer them so the payments still went through – and I think Mr E would have followed their instructions, as he had done to that point.

So even if Revolut had taken the action and asked the questions I would've expected it to here, I don't think it would have prevented the payments being made or Mr E from losing the money he did.

Mr E has mentioned a number of personal circumstances which made him particularly vulnerable to being scammed. And my intention isn't to diminish the seriousness of the circumstances he has told us about, and I don't underestimate the impact they have had on him. But, from what he's told us, I haven't seen anything to suggest that Revolut was aware of his circumstances or that his circumstances were such that I would've expected Revolut to take significantly different action. So I still don't think anything I would've expected it to do would've prevented the loss he suffered.

I appreciate that Mr E has been the victim of a scam and that my decision will come as a disappointment to him. He has lost a significant amount of money and I sympathise with the position he has found himself in. But I can only look at Revolut's responsibilities and, for the reasons I've set out above, I don't think anything I would reasonably have expected Revolut to have done would have prevented the loss he suffered. And so I don't think it would be fair to require Revolut to refund the money Mr E has lost.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 23 August 2024.

Alan Millward
Ombudsman