

The complaint

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

What happened

In April 2023, Mr C found an investment opportunity online, with a company I'll refer to as M. Mr C looked at M's website and says it looked professional, with live trading information.

Mr C was interested in investing and was told he had to download a screen sharing application, open a Revolut account and open a trading account with M.

As a result of the scam, Mr C made the following payments from his Revolut account.

Date	Details of transaction	Amount
3.4.2023	Revolut account opened	
19.4.2023	Card payment to W – cryptocurrency exchange	£993.61
5.5.2023	Card payment to W – cryptocurrency exchange	£2,222.52
5.5.2023	Card payment to W – cryptocurrency exchange	£4,634.80
5.5.2023	Card payment to W – cryptocurrency exchange	£468.66
5.5.2023	Card payment to M – cryptocurrency exchange	£4,200.00

Initially Mr C tried to fund his Revolut payments from an account he held with another bank, but that bank blocked his payments. So, Mr C transferred funds from an account he held with a different bank, who I'll refer to as bank H.

Mr C says he watched his trading platform balance increase and when he tried to withdraw funds was told that he had to pay fees. Ultimately, Mr C realised it was a scam when the contact at M continued to pressure him to invest.

Mr C, through a professional representative, raised a fraud claim with Revolut in August 2023. Mr C claimed the card payments had been made by the scammer.

Revolut declined to refund Mr C. They said all of the card payments required 3DS authentication, which means Mr C had to use a passcode or biometrics to authorise the payments. And, that Revolut's system blocks screen sharing applications from seeing sensitive information about Mr C's account. So, Revolut concluded that Mr C authorised the payments and they're not eligible for chargeback.

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

An investigator looked into Mr C's complaint and initially upheld some of the payments. However, new information became available which changed the investigator's mind.

Ultimately the investigator declined Mr C's complaint saying it was unlikely intervention by Revolut would've made a difference, based on the incorrect information he gave to bank H when they intervened on three payments he made.

Mr C didn't agree with the investigator's opinion and raised the following points:

- The reasons Mr C gave bank H for the payment purposes wouldn't have worked with Revolut, based on the Revolut payments going to cryptocurrency exchanges.
- Bank H provided warnings to Mr C, but they weren't relevant to cryptocurrency investment scams.

As the complaint 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.

In broad terms, the starting position in law is that Revolut are expected to process payments that a customer authorises it to make, in accordance with the terms and conditions of the customer's account and the Payment Services Regulations 2017 (PSR's). And, generally, Revolut can hold Mr C liable for the disputed transactions if the evidence suggests it's more likely than not that he made or authorised the transaction himself.

I'm satisfied that Mr C authorised these payments, as each payment was authenticated using either a passcode or biometric security, although I appreciate that Mr C did this not realising he was the victim of a scam. As I'm satisfied that Mr C authorised the payments, the starting position is that Revolut are't liable for the transactions.

But, Revolut also has a duty to exercise reasonable skill and care, pay due regard to the interest of its customers and to follow good industry practice to keep customer's accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

I'd like to assure Mr C and Revolut that I've reviewed the complaint really carefully in light of all of this. I'm really sorry to disappoint Mr C, but in this case, I'm not satisfied I can fairly ask Revolut to refund him.

Revolut didn't intervene on any of the payments Mr C made from his account.

I'm satisfied that when Mr C made the payment of £4,634.80, they should've provided him with an on screen written warning about cryptocurrency investment scams. I say this because the payment was identifiably going to a cryptocurrency exchange and was the second payment he'd made in a short period of time, taking the total over £6,000.

When Mr C made the last payment of £4,200, I think Revolut should've intervened and asked questions about the payment. I say this based on the pattern of payments and Mr C having paid over £10,000 in a short period of time. This would've involved Mr C being referred to their in-app chat to discuss the payments with a specialist.

So, I'm satisfied that Revolut should've intervened on the second and last payment

But, I'm not satisfied that I can fairly say Revolut intervening, would've prevented Mr C's loss. I'll explain why.

Bank H intervened three times on the payments Mr C made to his Revolut account.

I've listened to the calls Mr C had with bank H and he gave a different payment purpose for each of the three payments. This included: sending money to his parents as his father wasn't well, sending money to his parents to pay bills, sending money to his Revolut account to save.

During the calls bank H asked the following questions, Mr C's answers are in italics:

- Has anyone contacted you and asked you to move this money? *No*
- Has anyone told you to lie to the bank? *No*
- Have you recently downloaded a new application on your device? *No*
- Why are you moving money to your Revolut account and not sending it directly from your account with bank H? *I need to change it to Euros as it's easier to send*
- How did your parents contact you to ask for the money? *They called me*
- So you talked to them by phone? *Yes*
- Some devices have an app which would allow you to run a scan to see if there is any threat detected or anyone else has remote access. *No it's just me, no one has access*
- What kind of bill is it? *Medicine, they must pay for operation*
- Can you confirm that no one asked you to lie to the bank as to the reason for the transfer. *Yes*

Bank H also said:

- Scammers can ask you to download an application on your phone to allow access ... to move money out of your account
- The reason your payment was blocked is because we think your payment has a higher than normal risk of being fraudulent. Once your payment has gone, we can't get it back
- Fraudsters often tell customers not to discuss the call with the bank, this makes it more difficult for us.

It's unclear why Mr C didn't honestly answer the questions that bank H asked. If he had, it would've enabled them to provide a tailored warning. But, despite further probing by bank H around the payment purposes, Mr C stuck with the reason he'd given them and answered all of the additional questions to their satisfaction.

I accept that Mr C couldn't have used the same reasons he gave bank H, with Revolut, as he was sending the money to cryptocurrency exchanges. However, I'm not satisfied that I can safely conclude that Mr C would've been honest in answering Revolut's questions.

But, based on the information available, it's more likely than not Revolut would've given a cryptocurrency investment scam warning. Whether this warning was given when Mr C made the second payment or the last payment, I'm not satisfied that setting out the key features of a cryptocurrency investment scam would've prevented Mr C from making the payments.

I say this taking into account the three separate calls with Bank H where they voiced concerns about the payments Mr C was making, and Mr C saying the scammer was using a screen sharing application and guiding him through the process. So, it's likely the scammer would've addressed any concerns Mr C may've had when presented with the warning. The fact that Mr C went to such lengths to get payments released by bank H, I'm not satisfied that Revolut providing a cryptocurrency investment scam warning would've broken the spell.

On that basis, I can't fairly say Mr C wouldn't have continued with the payments if Revolut had intervened as I thought it should have.

Chargeback

I've also looked at whether Revolut took the steps it should have once it was aware that the payments were the result of fraud.

A chargeback wouldn't be successful as the payments Mr C made went to a cryptocurrency wallet in his name. So, the cryptocurrency exchange provided the service and credited Mr C's wallet. Chargeback doesn't look at the ultimate destination of the funds, only whether the merchant (W and M) met their obligations.

So, I'm not satisfied that Revolut could have recovered Mr C's funds through chargeback.

I'm really sorry that Mr C has lost a significant amount of money as the result of a scam. But, having carefully considered everything, 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 C to accept or reject my decision before 6 January 2025.

Lisa Lowe
Ombudsman