

The complaint

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

What happened

The details of this complaint are well known to both parties, so I will not repeat everything again here. Instead, I will focus on giving the reasons for my decision.

In summary though, Mr S said a friend messaged him on social media and introduced him to a scammer, that I will call B, who purported to be an investment company.

B then persuaded Mr S to send funds to a crypto exchange, via debit card payment. These funds were then used to purchase crypto and were then sent on to B. The funds for this were provided by a personal loan that was paid into a current account Mr S held with a different provider that I will call D. The funds were then sent from D to Revolut.

Mr S made the following payments via debit card payment.

Transaction Number	Date	Amount	Type of Payment
1	14 March 2023	£220	Debit Card
2	30 March 2023	£2,000	Debit Card
3	30 March 2023	£5,000	Debit Card
4	30 March 2023	£2,500	Debit Card
5	31 March 2023	£5,000	Debit Card

When Mr S was told by B that he would lose his funds and his profit if he did not pay a further £5,000 for an insurance product. At this point Mr S realised that he had been scammed.

Mr S asked Revolut to refund these payments, as he believes Revolut should have done more to prevent him from being scammed in the first place. Revolut did not agree with this.

One of our investigators looked into this matter and he thought that, whilst Revolut did not give an appropriate scam warning, had there been any further intervention, this would not have stopped the scam.

Mr S did not agree with this and therefore his complaint has been passed to me to issue a 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 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 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.

I'm satisfied that Revolut ought to have recognised that payment 3 carried a heightened risk. This is because it represented the second payment in a day to a crypto exchange and by the time the payment was made Revolut should really have been aware that multiple payment in a day to a crypto exchange are indicative of a crypto scam.

I think that a proportionate response to that risk would have been for Revolut to have had a human intervention - such as an online chat. But, had it done so, I'm not persuaded that would have prevented the consumer's loss. I'll explain why.

I say this because I can see that Mr S's other bank D did intervene on two occasions and during his conversation with D, he is confrontational and unwilling to provide answers to the question that D asks. Then when he finally is persuaded to answer the questions, he provided misleading answers about what he was doing on both calls. An example of this is that instead of saying that he is intending to invest the funds, he says he is travelling so he is transferring funds to Revolut as that would allow him to access different currencies.

I think it's likely that had Revolut interviewed Mr S would've also tried to mislead Revolut to reassure it that he was not being scammed. In the circumstances, at most, I would have expected Revolut to give Mr S a general scam warning. But I don't think that this would have stopped the scam, given clearly how keen Mr S was to send the funds to B.

Finally, even had Revolut stopped Mr S from sending funds directly to the crypto exchange, and I don't think it needed to, I think that he likely would have found other ways to send the funds to B. This is demonstrated by Mr S saying he would physically withdraw his funds in branch when D would not at first allow the payment that he wanted to make from D to Revolut.

I note Mr S's representatives' comments that the intervention from D was not appropriate and did not ask open ended questions. So it says that it is unfair to say an appropriate intervention from Revolut would have not stopped the scam. I have carefully considered this but it is clear that Mr S wanted to make the payments and from the calls with D it is clear that he was willing to say whatever was needed in order to send the payments to B. I accept that it is possible that Revolut would have discovered and prevented the scam had Mr S not been able to answer in a persuasive manner the questions Revolut should have asked. But I think it is more likely for the reasons set out above that Mr S would either have successfully misled Revolut or would have found another way to make the payments.

So overall, I don't think that Revolut intervened appropriately, but had it intervened further I don't think the scam likely would have been stopped. Because of this I don't think it would be appropriate to hold Revolut responsible for Mr S's loss.

I've also thought about whether Revolut could have done more to recover the funds after Mr S reported the fraud.

Revolut are under no obligation to refund the money to Mr S under the Contingent Reimbursement Model (CRM) Code. This is because Revolut are not part of the Code and even if they were, it does not apply to debit card payments. I also don't think that Revolut could have recovered the funds from the crypto exchange under a chargeback, as the funds had already been transferred from the exchange to a wallet controlled by B.

I appreciate this will likely come as a disappointment to Mr S, 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

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 20 September 2024.

Charlie Newton
Ombudsman