

The complaint

Miss A complains that Revolut Ltd won't refund money she lost when she fell victim to an investment scam in 2022.

Miss A is being represented by solicitors in this complaint.

What happened

The detailed background to this complaint is well known to both parties. The facts about what happened aren't in dispute, so I'll focus on giving my reasons for my decision.

The complaint concerns two transactions totalling just over £6,700 which Miss A made from her Revolut e-money account in January and February 2022. These were made in connection with an investment opportunity with a company "H" that she was introduced to by a friend. Miss A states that after being provided with a detailed overview of the project's potential return – promise of a minimum 0.5% daily return and a 300% return over 600 days – the friend encouraged her to conduct her own research which she did. Miss A was also added to a group chat on an instant messaging platform comprising around 1,000 investors.

To deposit funds into the scheme, Miss A made faster payments to a company "A1". She says she researched A1 before deciding to make a deposit using that company. Miss A was able to make three withdrawals following her investment. Subsequently, things started going wrong and by July 2022 recovery plans were proposed which involved making additional payments. Miss A says that by the end of 2022, she knew that H / A1 had been an elaborate scam. But her mental health at the time made it difficult for her to fully acknowledge that she had been scammed. Revolut received Miss A's complaint at the start of January 2024.

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.

I'd like to start by saying I'm sorry to hear about Miss A's personal circumstances and how this incident has impacted her. From what she's told us, I don't doubt that this has been a difficult period for her.

I'd like to reassure Miss A and Revolut that although I've only summarised the background above, so not everything that's happened or has been argued is detailed, I have read and considered their submissions in their entirety.

Given my research into H and A1, I'm satisfied that Miss A has been the victim of a scam – there are regulator warnings published about both firms. It's very unfortunate that Miss A lost a considerable sum of the money. But Revolut doesn't automatically become liable to reimburse her loss.

In broad terms, the starting position at law 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. There's no dispute that Miss A authorised the payments.

Miss A has referred to the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code). But this voluntary code, which requires signatories to reimburse customers who are victims of authorised push payment scams like this one in all but a limited number of circumstances, doesn't apply to Miss A's complaint. This is because Revolut isn't signed up to it.

While I find the CRM Code doesn't apply here, that code is not the full extent of the relevant obligations that could apply in cases such as this. Taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to be good industry practice at the time, I consider it fair and reasonable in January 2022 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,
- 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 don't consider the individual transactions in dispute (£1,989 and £4,729.40) to be *that* unusual such that I think Revolut ought to have had cause for concern. Looking at the operation of Miss A's e-money account in the year leading up to the disputed transactions, I acknowledge that the amounts involved are higher than previous transactions. But it isn't unusual for customers to make larger payments every now and then. For instance, while Miss A has said that typical payments for her account were usually around £200, her account statements show that she made a payment of £920 in October 2021. There's also a payment of £800 in December 2021.

I accept that neither of these amounts are anywhere near the disputed transaction amounts. But I haven't seen any other factors at play here such that, in my view, Revolut should have been concerned and ought to have questioned Miss A when she authorised the first disputed transaction of £1,989 to A1. A warning about A1 wasn't published by the UK's financial services regulator for several months after Miss A's payments. Even if Revolut could somehow have reasonably identified the intended beneficiary based on the account details alone, there was no adverse information about A1 at that time. In that instance, I find that a new payee warning was a proportionate step for Revolut to have taken.

Nearly three weeks had elapsed by the time Miss A authorised the second – larger – payment to A1. No concerns had been raised about the earlier transaction, which also came

to form part of the account spending activity. Although the amount involved the second time was relatively higher, given what Revolut could have reasonably known about the transaction, I'm not persuaded that an intervention was warranted at that time either.

I acknowledge that Miss A strongly disagrees with this finding. But having carefully considered the available information, I'm not persuaded that further steps were warranted on either occasion. What this means is that I don't consider Revolut acted unreasonably in executing Miss A's authorised instruction to make the payments.

I've also thought about whether Revolut could have done more to recover the funds once it became aware of the situation, as in some circumstances it might be possible to recover some or all of the money.

Unfortunately, scammers are alive to the fact that attempts will likely be made by the victim's account provider to recover the funds. And so, it's not uncommon for money to be transferred out of the beneficiary account soon after it is credited. By the time the scam was reported to Revolut and it contacted the beneficiary account provider, nearly two years had passed. Revolut was ultimately notified that the funds had already left the account that Miss A sent the payments to.

I can see that Miss A has raised concerns about Revolut giving inconsistent message about whether any funds remained to be recovered. It initially told her no funds remained. In its correspondence to our service, Revolut said it had been notified partial funds remained. But eventually, it said it had been advised no funds remained to be recovered.

I completely understand Miss A's frustrations about the inconsistent information. But the sending bank is reliant on the recovery information being provided by the beneficiary account provider. Here, at each stage Revolut relayed the information it received from the beneficiary account provider. That is received conflicting or inconsistent information at different times isn't something I can fairly hold Revolut responsible for. From the information I've seen, I'm satisfied that Revolut contacted the beneficiary account provider once it was notified of the scam. And it took the required steps to recover the funds when it was incorrectly advised that some funds remained. But ultimately it was informed that there were no funds left to be recovered.

Miss A has said that her mental health struggles impacted her ability to recognise and report the scam sooner. I thank Miss A for sharing this with our service and for also forwarding supporting evidence. As I've previously mentioned, I don't doubt that this was a difficult period for her. I completely appreciate Miss A's reasons for why she didn't or couldn't report the scam sooner. But Revolut could have only requested a recall of funds from the beneficiary account provider when it was notified that the funds were sent in connection to a scam – it couldn't reasonably have known this prior to that point. Also, I can't see that Revolut had been made aware of Miss A's personal circumstances until after the scam was reported.

I think it's important to note that Revolut was reliant on the beneficiary account provider confirming whether any funds remained, and then returning them back. It's not something Revolut could have reversed automatically upon notification of Miss A being the victim of a scam. In the circumstances, I don't consider it fair or reasonable to make a finding that Revolut needs to reimburse the amount Miss A lost and which couldn't be recovered because her circumstances prevented her from reporting the scam sooner.

In conclusion, I know that Miss A will be disappointed with this outcome. Despite my natural sympathy for the situation in which she finds herself due to the scammer's actions, for the reasons given, it wouldn't be fair of me to hold Revolut responsible for her loss.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 14 November 2024.

Gagandeep Singh
Ombudsman