

The complaint

Mr R has complained Revolut Ltd did nothing to intervene and stop payments he made which turned out to be part of an investment scam, and then a recovery scam.

What happened

In 2023 Mr R became aware of investment opportunities through social media and got in touch with the company.

Someone from the company helped him to start trading and investing cryptocurrency using a newly opened Revolut account and another account Mr R held (with a bank I'll call H). On 26 August Mr R made a £5,000 payment to an electronic wallet from his Revolut account.

Revolut declined this payment initially and Mr R contacted Revolut to answer some questions. Revolut warned Mr R *"our fraud detection systems show that there's a strong chance this investment is a scam"* and asked him whether he wished the payment to proceed. Mr R confirmed he did.

Two other large payments were made – one the following day and the other a fortnight later. After the attempted payment of £8,000 was restricted on 10 October, Mr R again confirmed to Revolut that he was making this payment on his own behalf and to an account he controlled. This payment proceeded.

Mr R made a further payment of £850 to the same beneficiary in an attempt to get access to his funds.

Mr R engaged representatives who contacted Revolut on his behalf to complain about the scam and Revolut's lack of intervention.

Revolut confirmed they wouldn't refund Mr R as these payments had gone to a wallet in his own name and control, and they believed they'd acted appropriately when Mr R attempted to make the payments by providing warnings. They'd also alerted Mr R to the fact he'd not be refunded if he wished to proceed with the payments.

Mr R brought his complaint to the ombudsman service with the assistance of his representatives.

Our investigator confirmed she wasn't going to ask Revolut to refund Mr R. She felt that whilst Revolut could have done more, she noted that Mr R had misled them to what was going on. She shared the chat history between Mr R and Revolut with Mr R's representatives and reaffirmed her outcome.

Mr R has asked an ombudsman to review his complaint.

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 reached the same outcome as our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

Mr R was scammed and has lost a considerable amount of money. He has my sympathy about what he has gone through.

There's no dispute that Mr R made and authorised the four payments totalling £16,545 from Revolut to his wallet.

I'm satisfied the disputed transactions were authorised under the Payment Services Regulations 2017

Our starting point is that banks are required to follow their customer's instructions. 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 in 2023 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;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- 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 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 these payments carried a heightened risk of financial harm from fraud. Mr R had only just opened his account so had no payment history for Revolut to consider.

Therefore, a proportionate response to that risk would have been for Revolut to have intervened.

It is clear from the evidence submitted to our service by Revolut that they did intervene. Mr R's first payment was blocked. Revolut posed some automated questions to Mr R and he confirmed he'd not allowed any software to be downloaded or was essentially being coached

by a third party in answering these questions. After Revolut confirmed to Mr R that there was a strong possibility this was a scam, Mr R stated he was willing to proceed with the payment.

Further interventions took place after the third payment. Again, Mr R confirmed he wished to proceed.

I do have some concerns about Revolut's actions. It's clear from their automated messages that they're set up to warn customers quite distinctly that what they're involved in closely resembles a scam. But Revolut's view is that the customer must be the final arbiter of deciding whether to proceed with the payment. In Mr R's case, he provided that final affirmation.

However, I'm not convinced that anything they'd have said to Mr R would have caused him to change his mind. I've already considered a complaint Mr R brought against H. He discussed a £5,000 transaction in a telephone call with H. During that call, H asked Mr R a range of questions about the investment he was making, and highlighted ways scams were being committed. Specifically, they highlighted cloned websites and asked whether Mr R had checked with the Financial Conduct Authority's website. Mr R said he had which differs from the evidence provided to us by his representative.

Mr R also told H he'd been advised about this investment by a friend and specifically did not highlight the role of the company who was advising him. In the evidence provided to our service, Mr R has confirmed he wasn't given a cover story to provide to H, so I have to wonder why he wasn't upfront with them during this call.

I appreciate that companies such as those Mr R was involved in suggest that some banks aren't keen on their customers making investments like these. It's clear that Mr R was so keen to make profits from his trading that – despite a number of things that should have rung alarm bells – Mr R continued with making payments to his wallet.

I'm aware Mr R's representatives have had access to the chat history between Mr R and Revolut and will also be aware of the arguments contained within our investigator's views of 31 May and 20 June. I don't think it would be fair for Revolut to have blocked these payments completely. I couldn't have expected Revolut to do more whilst Mr R was deliberately misleading them.

Overall, I don't think it would be fair and reasonable to ask Revolut to refund Mr R.

My final decision

For the reasons given, my final decision is not to uphold Mr R's complaint against Revolut Ltd.

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

Sandra Quinn
Ombudsman