

## **The complaint**

Mr D complains that Revolut Ltd won't refund money he lost when he fell victim to an investment scam.

Mr D is being represented by solicitors in this complaint.

## **What happened**

The detailed background to this complaint is well known to the parties and has been previously set out by the investigator. The facts about what happened aren't in dispute. So, I'll focus on giving my reasons for my decision.

The complaint concerns five transactions totalling just under £4,000 which Mr D made using his Revolut debit card in October and November 2023. These were made in connection with an investment opportunity he came across on social media. When he was unable to make a withdrawal from his investment and his 'account manager' informed him that he needed to pay different fees, Mr D realised he'd fallen victim to a scam.

Mr D's Revolut account was opened as part of the scam. He transferred funds into his Revolut account from his account with a high street bank. To deposit funds on to the investment platform, Mr D purchased cryptocurrency from a cryptocurrency exchange before sending it on to cryptocurrency wallets as instructed by the scammer (albeit at the time Mr D thought he was loading it on to his account with the investment platform as the balance went up accordingly).

Our investigator didn't uphold the complaint. Although they found that the individual transaction amounts didn't warrant an intervention by Revolut, they were satisfied that the steps it did take when it declined some of the transactions at first were proportionate to the risk involved.

Mr D's representative asked for the complaint to be decided by the ombudsman. It said the impersonal pop-up warnings Revolut gave are not effective, and it failed to make an appropriate human intervention.

## **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 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.

It isn't in dispute that Mr D authorised the transactions in question. He's therefore presumed liable for the loss in the first instance.

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 October 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 in relation to card payments); and
- 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.

EMIs are set up with the purpose of sending and receiving money and the type of payments they're generally used for tends to be somewhat different to banks and building societies. Often, the payments will be for larger sums. Where there's no previous account history, as was the case here given the account was opened just the day before the first dispute transaction, what should reasonably strike Revolut as concerning for a first payment isn't down solely to the transaction amount involved.

I haven't seen any other factors at play here such that, in my view, Revolut should have been concerned and ought to have taken additional steps when Mr D authorised the first disputed transaction of £200 on 7 October. Or for that matter, the subsequent transactions which were made between 24 and 29 November and ranged between £180 and £2,561.

I accept that Mr D was sending money to a cryptocurrency exchange. But that in and of itself doesn't mean that the transaction ought to have flagged as suspicious. Buying cryptocurrency is a legitimate exercise. I don't consider that there was a pattern of increased spending emerging such that I think Revolut ought to have taken additional steps.

Revolut did initially decline the third transaction – £180 on 24 November. It asked Mr D to confirm that it was indeed him making the transaction. In the circumstances, I'm satisfied that that was a proportionate response to the risk identified.

Revolut also declined Mr D's attempts to make a £1,000 payment on 29 November. On that occasion, it asked Mr D to review the potential risk identified in the app by answering a question, reviewing a warning shown over a series of screens which could not be skipped, and then acknowledging the risk involved before the payment could be unblocked. It wasn't until after the third attempt that Mr D engaged with Revolut's risk review. He was asked if someone was prompting or guiding him in relation to the payment which had flagged. He

selected 'yes' and was then shown a series of warnings telling him that he could be talking to the scammer (if he was on the phone to the individual) and to beware of unusual requests such as sharing security details.

The warning went on to advise Mr D to look for a second opinion before authorising the transaction in case he was speaking to a scammer who may be impersonating financial institutions. Following this, Mr D was presented with a risk acknowledgement screen where he had to confirm he'd reviewed Revolut's warning but still wanted to go ahead with the payment. I appreciate Mr D's representative feels strongly that a human intervention ought to have taken place. But in the individual circumstances of this case, I'm satisfied that the steps Revolut took were proportionate to the risk identified (namely, identifying that Mr D said he was being assisted and providing a warning about that).

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 the money. Here, the recovery avenue would have been limited to a chargeback. But Mr D's payments went to a cryptocurrency exchange. He wouldn't be able to make a successful chargeback claim in the circumstances because the merchant he paid did provide the service requested (i.e., conversion of fiat money into cryptocurrency). For completeness, Revolut couldn't attempt a chargeback against any another party.

In summary, I know that Mr D will be disappointed with this outcome. Not least because the matter has been ongoing for some time. Despite my natural sympathy for the situation in which he finds himself, for the reasons given, it wouldn't be fair of me to hold Revolut responsible for Mr D's 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 Mr D to accept or reject my decision before 19 November 2024.

Gagandeep Singh  
**Ombudsman**