

The complaint

Ms H complains that Revolut Ltd won't refund money she lost when she fell victim to an investment scam.

Ms H 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 our investigator. So, I won't repeat everything again here. Instead, I'll focus on giving my reasons for my decision.

The complaint concerns five debit card payments totalling £68,000 which Ms H sent from a newly created Revolut account in September 2022. They were made in connection with a cryptocurrency investment opportunity which Ms H says she came across on a popular social media website and it piqued her interest. She subsequently discovered that she had been scammed.

Ms H made a small initial deposit from an account with another account provider, before following instructions from her 'account manager' in opening an e-money account with Revolut for subsequent deposits. The deposits were funded primarily through loans that were taken out with various lenders. These were paid into Ms H's account with another provider which she subsequently transferred to Revolut.

The payments to Revolut were initially blocked by the other account provider, but subsequently released when enquiries were made with Ms H. Once the money was in her Revolut account, the funds were used to purchase cryptocurrency from a cryptocurrency provider before being transferred into her investment account.

Sometime after making the final disputed payment, Ms H requested and was able to make a couple of withdrawals from her investment. But in mid-2023, her account manager stopped replying to her messages. It was then that Ms H realised she'd been scammed and reported the matter to Revolut. It refused to refund the money and said that as the card transactions were approved by Ms H by completing 3DS – also known as stronger customer authentication – there were no grounds to attempt recovery under the chargeback process.

One of our investigators looked into Ms H's complaint and concluded that, overall, Revolut hadn't acted unfairly. They thought that although it should have taken additional steps when Ms H made some of the later payments, given she was heavily coached and misled the other account provider, they were more persuaded that she would have wanted to carry on regardless. Ms H disagreed and asked for an ombudsman's 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.

I'd like to start by thanking Ms H, her representative, and Revolut for their patience while awaiting an outcome from our service. I recognise that the matter has been ongoing for some time.

I can see that in the initial complaint submission, Ms H's representative claimed that the scammer took control of Ms H's device and made the payments. But this isn't borne out in the written correspondence between her and the scammer, which suggests payments were made by her on the scammer's instructions. The investigator concluded that the disputed payments were authorised by Ms H and this finding hasn't been disputed. So, I've also proceeded on that basis.

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.

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 September 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 – (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. 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 Ms H authorised the first disputed transaction – £4,000 on 15 September 2022. I accept that she was sending money to a cryptocurrency provider. But that in and of itself doesn't mean that the transaction ought to have flagged as suspicious. Buying cryptocurrency is a legitimate exercise.

By the time Ms H authorised next transaction – £11,000 on 20 September – Revolut ought to have recognised that it carried a heightened risk of financial harm from fraud. This is because a pattern of increased activity on cryptocurrency spending had emerged. And there was a significant jump in the amounts involved. I consider Revolut should have taken additional steps when it received Ms H's instruction.

I think that a proportionate response to that risk would have been for Revolut to have provided a written warning specific to the scam risk identified. In this instance, the transaction was identifiably cryptocurrency related. So, I would have expected Revolut to have provided a written warning about cryptocurrency investment scams, tackling some of the key features.

But, had it done so, I'm not persuaded that the warning would have prevented Ms H's loss. This is because the bank Ms H moved the funds from spoke to her several times when her payments to Revolut flagged as suspicious. Ms H misled the bank and provided a cover story which she had agreed with the scammer. Reading the written correspondence between her and the scammer, it's clear that the scammer had warned her about possible questioning by her bank. And a cover story about buying kitchen material from overseas through the Revolut account was agreed.

When Ms H was on the phone to her bank, she was also messaging the scammer at the same time. They provided her with additional information to say to the bank to make the cover story more persuasive. So, when asked about the nature of the payment on each occasion, Ms H provided a comprehensive response and sought to reassure the bank that she was not being scammed. She even confirmed that no one had asked her to make the payments or told her to lie in order to have the payments approved. But this is precisely what was happening at that time.

Against this background, on balance, I'm not persuaded that Ms H would have heeded a scam warning by Revolut when she made the second transaction.

Given that the subsequent transactions increased further in value – there were two payments of £20,000 each – Revolut should have taken additional steps again and, arguably, attempted to make further enquiries before processing them. But had Revolut questioned Ms H at these times, based on her actions when another financial institution intervened and the messages that were exchanged with the scammer, I'm not convinced that she would have been honest with Revolut.

I understand the point Ms H's representative is making about the cover story given to the bank not working with Revolut. But I've kept in mind that it's not just about the specifics of the lie, it's also the willingness to mislead in order to get the payment through. Ms H's messages to the scammer regarding the bank's intervention is an indication of her mistrust of the bank and financial providers in general. She also tells the scammer on more than one occasion that she places immense trust in them. So, had Revolut intervened and made further enquiries, I think it's more likely than not that Ms H (with the scammer's help) would have provided a different cover story.

It's worth mentioning that I've noted from the messages exchanged with the scammer that Ms H introduced other individuals. When the scammer told her that one of them had their account blocked because they told their bank they were trading when asked, Ms H expressed frustration and said she'd told the said individual not to mention trading. Later, she even contributed to the cover story the scammer said they'd give the individual for any future transactions. To my mind, these actions are not representative of someone who would stop in their tracks if they're presented with a warning about investment scams or asked further questions.

This was no doubt a sophisticated scam and the cruel actions of the scammer led to Ms H losing a considerable sum of money. But this complaint is about Revolut's acts and omissions. Causation is critical determinative factor in every scam case. It isn't enough that Revolut failed to provide a scam warning; I also need to be satisfied that this failure was the immediate and proximate cause of the losses Ms H suffered. In the circumstances of what

happened here, for the reasons I've set out above, I'm not convinced that a scam warning by Revolut at the time of the second transaction – or indeed later transactions – would have prevented Ms H's loss.

Recovery wise, as these were debit card payments the recovery avenue would have been limited to raising a chargeback. But Ms H's payments didn't go to the scammer directly, they went to a cryptocurrency provider where the money was converted to cryptocurrency before being sent on to cryptocurrency wallets as instructed by the scammer. In this instance, a chargeback against the merchant her payments from Revolut went to wouldn't be successful given it did provide the service requested (i.e., conversion of fiat money into cryptocurrency).

In conclusion, I know that Ms H 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 Ms H to accept or reject my decision before 22 May 2025.

Gagandeep Singh
Ombudsman