

## The complaint

Mr H complains that Revolut Ltd won't refund the money he lost when he was the victim of a scam.

## What happened

In September 2023, Mr H met a woman on a dating website. They started talking and their relationship developed to the point where they were talking most days and Mr H thought they were in a romantic relationship.

Sometime after they started talking, the woman mentioned she had made money investing in cryptocurrency and offered to teach Mr H to invest too. And as Mr H trusted the woman at this point, he agreed. The woman then helped him to open an account with an investment company she used and to purchase cryptocurrency to pay into the investment.

Mr H then made a number of payments from his Revolut account to purchase cryptocurrency, which was then sent on to wallet details he was given for the investment company. I've set out the payments Mr H made from his Revolut account below:

Date	Details	Amount
16 September 2023	To 1 <sup>st</sup> payee	£100
16 September 2023	Exchanged to cryptocurrency	£1,900
16 September 2023	Exchanged to cryptocurrency	£4,000
17 September 2023	To cryptocurrency exchange	£8,000
17 September 2023	To cryptocurrency exchange	£3,708.66
18 September 2023	To cryptocurrency exchange	£6,000
26 September 2023	To cryptocurrency exchange	£10,000
28 September 2023	To cryptocurrency exchange	£6,000
3 October 2023	To cryptocurrency exchange	£7,500
3 October 2023	To cryptocurrency exchange	£12,500
7 October 2023	To cryptocurrency exchange	£10,900
11 October 2023	To cryptocurrency exchange	£24,000
13 October 2023	To cryptocurrency exchange	£900
13 October 2023	To cryptocurrency exchange	£2,950

Unfortunately, we now know the woman and the investment company were scammers. The scam was uncovered after Mr H tried to withdraw some of the money he was told he had made, but was told he had to pay a number of fees before he could do so. Despite paying some fees, Mr H was told he had to pay further fees before he could withdraw and so realised he had been the victim of a scam.

Revolut investigated but said it had provided sufficient scam warnings and wasn't at fault for processing the payments. So it didn't agree to refund the payments Mr H had made. Mr H wasn't satisfied with Revolut's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They didn't think anything we would have expected Revolut to have done would have uncovered the scam or prevented Mr H losing the money he did. So they didn't think Revolut should have to refund the payments he made. Mr H disagreed with our investigator, so the complaint has been passed to me.

### **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.

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 from September 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);
- 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.

But, even if Revolut had recognised that Mr H was at heightened risk of financial harm from fraud when making some of these payments, I don't think the action I would have expected it to take would have prevented his loss. I'll explain why below.

Revolut intervened in a number of the payments Mr H made, including the first payments on 16 September 2023, and showed him several warnings before allowing the payments to go through. These included warnings that its system had identified the payment as potentially the result of a scam, and to answer its questions truthfully as scammers may ask to hide the real reason for a payment and he may not be able to get his money back if he doesn't answer truthfully.

Revolut then asked Mr H whether anyone was telling him to send the payment, telling him which buttons to press or giving him instructions, and warned him that if someone was

saying to ignore these warnings then they're a scammer. And Mr H answered that he wasn't being guided or assisted through Revolut's questions.

But from what I've seen of his communication with the scammer, Mr H was being guided and coached through the payments he was making and his interactions with his banks by the scammer. The scammer told him to make a series of smaller payments, rather than one large payment, because otherwise his bank won't allow it and the payment would fail. He was also told not to tell his bank he was trading or that he was being guided on what to do, and to say he was buying assets for long term investment instead. And, when payments were held for checks, the scammer encouraged him several times to just tell his bank to let him use his money as he wants and that they shouldn't stop him.

For several later payments Mr H attempted, Revolut again intervened and warned that its systems had detected it was likely the payments he was making were the result of a scam. It then forced him into a chat conversation with one of its agents and asked a number of further questions, including whether he was asked to set up a Revolut account as part of an investment opportunity and whether he had been able to make withdrawals from that investment. But despite his communication with the scammer showing that they encouraged him to open the Revolut account and him telling our service that he hasn't made any withdrawals from this investment, Mr H answered to Revolut that he wasn't asked to set up the account and had made withdrawals.

The scammer also tells Mr H not to tell his family or friends about the trading he is doing, as they might try to warn him against it. And Mr H doesn't question this and appears happy to do so.

From what I've seen of his communication with other banks he moved money from as part of this scam too, Mr H also gave misleading or incomplete information in response to questions he was asked by those banks.

So even if Revolut had asked more open-ended or probing questions before allowing the payments to go through here, I think Mr H would likely not have given it accurate or complete information about the purpose of the payments or the circumstances surrounding them – as happened with the questions he was asked by both Revolut and the other banks involved. And so I don't think Revolut would have had significant concerns following its questions and I don't think any warning I would have expected it to show following those questions would have stopped Mr H from making the payments or losing the money he did.

I appreciate that Mr H has been the victim of a cruel and sophisticated scam and that my decision will come as a disappointment to him. He has lost a significant amount of money and I sympathise with the position he has found himself in. But I can only look at Revolut's responsibilities and, for the reasons I've set out above, I don't think anything I would reasonably have expected Revolut to have done would have prevented the loss he suffered.

And so I don't think it would be fair to require Revolut to refund the money Mr H has lost.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 21 November 2024.

Alan Millward

**Ombudsman**