

The complaint

Ms B complains that Revolut Ltd ('Revolut') won't refund the money she lost when she fell victim to a scam.

What happened

What Ms B says

Ms B says she was browsing the internet when she came across an advert for a company I'll refer to as M in my decision. M said it could help clients to invest and earn good profits. Ms B says she completed some research into M and found positive reviews, so she registered her interest. Shortly after, Ms B received a call from a representative of M who explained the trading opportunities and said the amount of profit Ms B could earn depended on the level of investment. The representative also told Ms B she would be put in touch with an account manager who would be assigned to her portfolio.

Ms B was provided with a link to sign up to M's trading platform. She then received a call from someone I'll refer to as J who introduced himself as Ms B's personal trader and said he would be investing in cryptocurrency. Ms B and J spoke on the phone and exchanged messages via an encrypted service. He also asked Ms B to download a screen sharing app to show her how trading was going.

Ms B was asked to open an account with Revolut. J told her this was because Revolut had better access to cryptocurrency. Ms B was also asked to open accounts at various cryptocurrency exchanges.

Once Ms B made the first payment of £4,000, she could see it on the platform. She was happy with the profits she was making and invested more. When Ms B sought to withdraw her profits, she received an error message followed by an email saying she needed to pay fees to release her funds. Payments seven and eight in the table below were to cover these fees. Ms B was then asked to pay further fees. When she explained she had no funds J became aggressive and Ms B realised she was the victim of a scam.

I have set out in the table below the payments Ms B made on the instructions of the scammer.

Transaction	Date	Amount	Recipient	Method
1	02/05/23	£4,000	Cryptocurrency provider 1	Card
2	05/05/23	£8,955	Cryptocurrency provider 1	Card
3	05/05/23	£8,544.90	Cryptocurrency provider 2	Card
4	15/05/23	£7,500	Cryptocurrency provider 1	Card
5	23/05/23	£20,000	Cryptocurrency provider 3	Transfer
6	25/05/23	£6,500	Cryptocurrency provider 3	Transfer
7	01/06/23	£5,000	Cryptocurrency provider 4	Card

8	02/06/23	£11,010	Cryptocurrency provider 3	Transfer
Total		£71,509.90		

To fund the payments Ms B borrowed £45,000 from three different loan providers and used her s

Ms B instructed a professional representative to send a letter of complaint to Revolut. In this letter Ms B acknowledged that Revolut did intervene when some of the payments were made but said it didn't go far enough.

What Revolut say

Revolut says that Ms B notified it of a complaint in a letter dated 29 September 2023. It told Ms B in October 2023 she was out of time to raise chargebacks. Revolut also said it could not take Ms B's fraud claim further because she didn't provide information it asked for.

Revolut has told this service that when Ms B attempted to make the first £4,000 card payment it communicated with her via its chat function and said the transaction was highly likely to be related to a scam. As a result, Revolut asked Ms B a series of questions. Based on her responses to these questions, Revolut allowed the payment to be made.

When Ms B set up the £20,000 transfer Revolut says it held the payment and asked Ms B some questions before providing her with warnings. Ms B chose to proceed with the payment. The information Ms B has now provided shows that she didn't answer Revolut's questions accurately.

Overall, Revolut says it had proportionate and appropriate controls in place at the time the payments were made.

Our investigation so far

The investigator who considered this complaint didn't recommend that it be upheld. She said that Revolut should have provided a tailored written warning in respect of transaction one. Revolut went further and asked questions, which weren't answered accurately. So the investigator felt that Revolut acted reasonably in processing all payments to cryptocurrency exchange 1.

Whilst the investigator felt Revolut should have asked questions about payment three, the investigator didn't think it would have made a difference. The investigator also noted that when Ms B made payment five Revolut again asked her questions about it, but her answers didn't accurately reflect what was really going on. Finally, the investigator said Ms B raised a claim with Revolut outside the time period allowed to raise a chargeback and there was no prospect of recovering the funds she transferred.

Ms B didn't agree with the investigator's findings and asked for a final decision, so her complaint has been passed to me to decide. In summary, Ms B said:

- When payment one was made there should have been human intervention given the risky nature of the payee and the fact the payment was made very soon after it was credited. Ms B also questioned why the payment was processed four days after Revolut's intervention if Revolut was satisfied it was legitimate.
- When Revolut intervened when the £20,000 payment was made Ms B provided standard responses that are replicated in similar scams which should have placed Revolut on alert that something was amiss. If Revolut had appropriately intervened and provided tailored warnings the scam would have been uncovered.

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 deciding what's fair and reasonable, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

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 that's not the end of the story. 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 May and June 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;
- 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.

Should Revolut have recognised that Ms B was at risk of financial harm from fraud and, if so what kind of warning should it have provided?

It isn't in dispute that Ms B has fallen victim to a cruel scam, nor that she authorised the payments she made by transfers to her cryptocurrency wallets (from where that cryptocurrency was subsequently transferred to the scammer).

Ms B opened her Revolut account on 26 April 2023, just before the scam payments started.

Given the value of transaction one, as well as what Revolut knew about the destination of the payment, Revolut should have provided a written warning tailored to cryptocurrency investment scams before the payment went ahead.

When Ms B made payment two, given its value, that it identifiably related to cryptocurrency and the previous transaction a few days before, I consider Revolut should have recognised there was a heightened possibility that the transaction was linked to a scam. In line with the good industry practice that I've set out above, I think a proportionate response to that risk would have been for Revolut to have attempted to establish the circumstances surrounding the payment before allowing it to debit Ms B's account. I think it should have done this by, for example, directing Ms B to its in-app chat to discuss the payment further or by discussing it with her.

Given the sudden increase in the value of the transaction and the fact it was to another cryptocurrency provider, I also think Revolut ought reasonably to have had concerns about payment five. Again, I think a proportionate response would be to ask Ms B questions about the transaction before completing the transfer.

What did Revolut do to warn Ms B?

Revolut says that when new payees were set up it provided Ms B with a warning that said:

“Do you know and trust this payee?”

If you're unsure, don't pay them, as we may not be able to help you get your money back. Remember, fraudsters can impersonate others and we will never ask you to make a payment.”

Revolut also says that it intervened when Ms B attempted to make payments one and five. I have set out what happened on each occasion.

On 28 April 2023 Ms B contacted Revolut to say that her payments to cryptocurrency provider one were being declined. Ms B stopped responding to this chat. On 1 May 2023 Revolut engaged Ms B in a further chat. The message said Revolut was trying to contact Ms B urgently because it believed it to be highly likely the transactions she was making were part of a scam. Revolut asked Ms B for a selfie and to provide/respond to the following:

- *List all devices you have used so far to access your Revolut app*
- *Do you use any finance managing or shared wallet applications?*
- *Have you recently downloaded any screen sharing application e.g. [named screensharing app]?*
- *What was the nature of the transaction – the one that was rejected by the system?*
- *What is the nature of your account? What is the purpose of it?*
- *Have you received any calls recently from anyone telling you to create a Revolut account and encouraging you to make an outbound transfer? If yes, what did they tell you?*

Ms B replied as follows:

- *I am using my [phone type]*
- *No I didn't use any finance managing or shared wallet application*
- *No I have not recently downloaded any screensharing application*
- *The nature of this transaction was to buy bitcoins for my personal use*
- *In order to hold it on my ledger*
- *No I have not received any calls to create Revolut. I use it because my friends and family use it*

Revolut told Ms B it was important to take her time when investing and asked further questions about whether Ms B was being pressured to act quickly, was offered returns that seem too good to be true, had completed research and understood the investment, had been contacted or encouraged to invest by someone she doesn't know and met online, whether she was buying cryptocurrency and whether she had access to the account she was transferring funds to. Ms B provided the following responses:

- *No I am not being pressured*
- *I am just buying bitcoins for my own use and I am fully aware of my actions*
- *Yes I have and I understand what I am buying*
- *I am conducting this transaction on my own*
- *Yes I am buying Crypto currency*
- *Yes I own the account I am transferring in*

When Ms B set up payment five (£20,000) she gave the payment reason transfer to a safe account. Revolut again stopped the transfer and provided a warning about safe account scams. Ms B was also asked if she had been contacted by anyone unexpectedly on the phone asking her to move money to another account. Ms B confirmed that she hadn't been. Further safe account scam warnings were provided before Revolut again asked Ms B to confirm whether she'd been asked to install any screen sharing apps. Again, Ms B said she hadn't.

If Revolut had provided a warning of the type described, would that have prevented the losses Ms B suffered?

When Ms B attempted to make the first payment Revolut went further than I have suggested it needed to and asked Ms B questions about the transaction and the circumstances surrounding it. The questions Revolut asked were aimed at assessing the risk that Ms B might be falling victim to a scam. But it's clear that the responses Ms B gave didn't accurately reflect what was happening so that Revolut was unable to pick up on any red flags and advise Ms B appropriately.

Had Ms B have told Revolut that she had downloaded a screen sharing application, the real nature of the transaction, that she had been advised to open her Revolut account and encouraged to make payments, and that a third party had contacted her, I think Revolut would have had serious concerns and the scam would have been uncovered.

Ms B has only provided very limited evidence of her chat with the scammer, but she has said that when she made each of the transactions, they were on the phone with her telling her what to say. I understand that Ms B was following instructions to ensure the payments were processed, and was under the spell of a scammer, but can't reasonably conclude that different or better intervention would have made a difference in the particular circumstances of this case.

I've said that Revolut should have done more when Ms B attempted to make payment five. When she set up the payment, Ms B chose the transfer to a safe account option. Revolut provided safe account warnings in the app and asked,

"Have you recently been contacted by anyone unexpectedly on the phone or by text, advising you of a concern and asking you to move money to another account?"

Ms B gave a negative response. Revolut then provided further safe account warnings and advised that if Ms B was told to transfer money to a safe account it was a scam.

I think Revolut should have asked Ms B some questions to satisfy itself that she chose safe account by accident. But, based on Ms B's responses to the questions Revolut asked her in respect of payment one, and the fact Ms B was being coached by a scammer at the time the transactions were made, I'm not satisfied that a better intervention would have made a difference. When Revolut asked Ms B questions in respect of payment one it made it clear it had real concerns she was the victim of a scam. But Ms B responded in accordance with the scammer's instructions.

I'm also mindful that when Ms B transferred funds from her bank to her new Revolut account she chose the payment reason 'family'. And when Ms B took out loans, she said the funds were for home improvements.

Overall, whilst I'm very sorry to hear about this cruel scam and the impact it has had on Ms B, I can't fairly ask Revolut to reimburse her.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or

reject my decision before 13 November 2024.

Jay Hadfield
Ombudsman