

The complaint

Mrs G complains that Revolut Ltd won't refund several payments she says she made and lost to a scam.

What happened

The background to this complaint is well-known to both parties, so I won't repeat it in detail here. But in summary and based on the submissions of both parties, I understand it to be as follows.

Mrs G complains that from 23 September 2023 she made 11 payments to what she thought was a legitimate investment.

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| Payment 1 | 08 September 2023 | £999.65 | |
| Payment 2 | 13 September 2023 | £654.55 | |
| Payment 3 | 18 September 2023 | £511.50 | |
| payment 4 | 18 September 2023 | £818.40 | |
| Payment 5 | 18 September 2023 | £340.37 | |
| payment 6 | 20 September 2023 | £511.50 | |
| Payment 7 | 20 September 2023 | £286.44 | |
| Payment 8 | 23 September 2023 | £500 | |
| Payment 9 | 29 September 2023 | | € 1,179.16 |
| Payment 10 | 30 September 2023 | £511.50 | |
| Payment 11 | 12 October 2023 | | € 1,150.00 |
| | | £5,133.91 | € 2,329.16 |

Mrs G says around 2022 she started to see advertisements relating to cryptocurrency investments. In September 2023 she received a call from someone claiming to be from a crypto investment company.

Mrs G says she showed an interest in the investment and then started to communicate with someone from the company via a third -party messaging service. At this point Mrs G says she was convinced to invest.

Mrs G says she set up an account, and after sending her first payment could see she was starting to make a profit, so she continued to send payments. It was only when she wanted to withdraw her funds and was told she needed to pay a number of fees, that she realised she had been scammed. So, she raised a complaint to Revolut.

Revolut looked into the complaint but didn't uphold it. It didn't think it had done anything wrong by allowing the payments to go through. So, Mrs G brought her complaint to our service.

Our investigator looked into the complaint but also didn't uphold it. As Mrs G didn't agree with the investigator's view, the complaint's been passed to me for a final 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.

Having done so, I've come to the same outcome as the investigator for largely the same reasons. I'll explain why.

I'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

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, regulator's 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 and 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);
- 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 here, having considered the amount of money sent to the scammers, I agree with the investigator when she said that these payments wouldn't look sufficiently out of character given their size and spacing, and reasonably wouldn't have triggered Revolut's payment checking process. Although there are some payments being made in the same day, these

were to different payees and still of modest amounts in terms of fraud and scams monitoring, even when added together.

Since 1 January 2023 I'd expect Revolut to have attached greater risk to crypto-related payments like this but still, given that not all crypto-related payments are made as a result of a scam, and given the amount the payments were for that was identifiably going to a crypto exchange, this still doesn't persuade me that Revolut reasonably ought to have been expected to have intervened.

I've also checked the official organisations that publish warnings about merchants that operate in the UK and abroad, to check if there were any warnings about who Mrs G paid that ought to have triggered Revolut's fraud prevention systems. I've searched the Investor Alerts Portal of the International Organization of Securities Commissions ("IOSCO"), the international body that brings together the world's securities regulators. And the FCA (as the UK regulator) also has its own warning list, which is in place to share alerts and insight about merchants that have been identified as potentially being fraudulent or at risk of scamming individuals. There were no such warnings about the merchants Mrs G paid. So, this is another reason why I don't think the payments ought to have been automatically stopped or triggered any warnings by Revolut.

It is worth noting that although some international payments can look out of character for a regular account, Mrs G chose making payments overseas as an account opening reason. So, I'm satisfied this also wouldn't have alerted Revolut to the fact Mrs G may have been at risk of financial harm.

Mrs G was also given a crypto specific warning on one of the payments, she then proceeded to make a further payment after the warning was given. So, even if I was persuaded Revolut should've warned Mrs G earlier (which I'm not), I think the most she reasonably would've been given in these circumstances, given the value of the payments, would've been the same automated warning, which unfortunately didn't make a difference to Mrs G decision to proceed anyway.

Recovery

Mrs G made the first and ninth payments to legitimate crypto exchange accounts. The only potential avenue for recovery of these two card payments would have been through the chargeback scheme. But

I'm satisfied that claims would've unlikely been successful. Mrs G paid legitimate crypto exchanges, and she would've received a service from the crypto exchanges. Mrs G's disagreement is with the scammers, not the crypto exchanges. And so, it would not have been possible for Revolut to process chargeback claims against the scammer, as Mrs G did not pay them directly. So, I don't think Mrs G had any reasonable prospect of success if Revolut were to have processed chargeback claims against the crypto exchanges.

I've also considered the other payments, which were push payments sent to personal accounts. Revolut tried to recover these from the third parties involved, but the receiving banks have responded to say the funds were no longer available. Mrs G reported the scam around two weeks after the last payment, which in my view was too late. As sadly, it is quite typical with these types of scams for fraudsters to move money away from the beneficiary account, straight after the payments are made, presumably to frustrate the efforts at this type of recovery.

Mrs G feels that Revolut should refund the money she lost due to the scam. I understand that this will have been frustrating for her, but I've thought carefully about everything that has

happened, and with all the circumstances of this complaint in mind I don't think Revolut needs to pay Mrs G any compensation. I realise this means Mrs G is out of pocket and I'm really sorry Mrs G's lost this money. However, for the reasons I've explained, I don't think I can reasonably uphold this complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 04 December 2024.

Tom Wagstaff
Ombudsman