

## **The complaint**

Mr B, via a representative, complains that Revolut Ltd (“Revolut”) have failed to refund the money he lost as part of an investment scam.

## **What happened**

The details of this complaint are well known to both parties, so I will not repeat everything again here. Instead, I will focus on giving the reasons for my decision.

In summary though, Mr B found an advert for an investment firm who I will call C.

C then persuaded Mr B to send funds to crypto exchanges, via debit card payments and via transfers to other current accounts. The amount sent to the scammer totalled over £30,000 and took place between 7 September 2023 and 22 September 2023. My understanding is that these funds were then used to purchase crypto and were then sent on to C. The funds for this were sent from a current account Mr B held with a different provider that I will call D.

When Mr B was unable to withdraw his profits from C he realised that he had been scammed.

Mr B asked Revolut to refund these payments, as he believes Revolut should have done more to prevent him from being scammed in the first place. Revolut did not agree with this.

One of our investigators looked into this matter and he thought that, whilst Revolut did not give an appropriate scam warning, had there been any further intervention, this would likely not have stopped the scam.

Mr B did not agree with this and therefore his complaint has been passed to me to issue a 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 agree with the conclusions reached by the investigator for the following reasons.

In broad terms, the starting position 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 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);
- 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.

I'm satisfied that Revolut ought to have recognised that the payments in question carried a heightened risk. I think for the first payment a tailored written scam warning should have been provided. My understanding is that a warning was provided based on the payment reason that Mr B provided which was to pay friends and family, but as this payment was to a crypto exchange I think Revolut should have asked further questions. Moreover, when a second payment was made to a crypto exchange a few days later, I think another intervention should have occurred. But, had it done so, I'm not persuaded that would have prevented the consumer's loss. I'll explain why.

I say this because I can see that Mr B's other bank D did intervene on three occasions and during his conversations with D, he is unwilling to provide answers to the question that D asks. Then when he finally is persuaded to answer the questions, he provided misleading answers about what he was doing. For example, when asked he said that the funds were being sent to Revolut and not being passed on to anyone else; he also said that he was transferring funds in order for spending money when traveling abroad. Mr B also confirmed that he had not been told to lie by anyone or told what to say. This is despite him saying that he actively misled D about the purpose of the payments as he was told to by the scammer.

I think it's likely that had Revolut intervened Mr B would've also tried to mislead Revolut to reassure it that he was not being scammed. In the circumstances, at most, I would have expected Revolut to give Mr B a general scam warning. But I don't think that this would have stopped the scam, given clearly how keen Mr B was to send the funds to B and given that he was given a general scam warning by D.

It is clear that Mr B wanted to make the payments and from the calls with D it is clear that he was willing to say whatever was needed in order to send the payments to B. I accept that it is possible that Revolut would have discovered and prevented the scam had Mr B not been able to answer in a persuasive manner to the questions Revolut should have asked. But I think it is more likely, for the reasons set out above, that Mr B would either have successfully misled Revolut or would have found another way to make the payments.

So overall, I don't think that Revolut intervened appropriately, but had it intervened further, I don't think the scam likely would have been stopped. Because of this I don't think it would be appropriate to hold Revolut responsible for Mr B's loss.

I've also thought about whether Revolut could have done more to recover the funds after Mr B reported the fraud.

Revolut are under no obligation to refund the money to Mr B under the Contingent Reimbursement Model (CRM) Code. This is because Revolut are not part of the Code and even if they were, it does not apply to debit card payments. I also don't think that Revolut could have recovered the funds from the crypto exchange under a chargeback, as Mr B was essentially paying to transfer funds from his account to the crypto exchange and this is what happened.

I appreciate this will likely come as a disappointment to Mr B, and I'm sorry to hear he has been the victim of a cruel scam. However, I'm not persuaded that Revolut can fairly or reasonably be held liable for his loss in these circumstances.

### **My final decision**

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 22 November 2024.

Charlie Newton  
**Ombudsman**