

The complaint

Mrs C, via a representative, has complained that Revolut Ltd (“Revolut”) failed to refund the money she 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, Mrs C says that she was looking to make an investment in order to get a better return on her savings. She came across a company that purported to be a crypto investment firm that I will call B.

Mrs C made around 18 transactions totalling over £100,000 from her Revolut account to a crypto exchange, the funds were then sent onto B.

After some time, Mrs C realised she had been scammed. Mrs C asked Revolut to refund these payments, as she believes Revolut should have done more to prevent her from being scammed in the first place. Revolut did not agree with this.

I issued a provisional decision on 17 January 2025 in which I said the following;

“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.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, on what I consider is more likely to have (or would have) happened, in light of the available evidence and the wider circumstances.

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. This should be in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer’s account.

However, taking into account relevant law, regulatory 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;
- 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); 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.

In this case I think that Revolut should have intervened during the payment of £7,650 on 2 November 2022. I say this because the previous payments were not large enough or demonstrated a pattern that would be indicative of someone being scammed. But this payment was a fair amount larger than the previous ones and so I think it could be deemed unusual enough to have prompted Revolut to check what the payment was for.

I think that an appropriate intervention would have been to ask questions about the payment. I think it should have done this by, for example, directing Mrs C to its in-app chat to discuss the payment further.

That said, I don't think that a human intervention would have likely stopped the scam. I say this for the following reasons.

I have listened to the call between Mrs C and the bank that the funds originated from that occurred during the scam and it is clear that Mrs C was intentionally providing answers that were misleading. I am not sure if this was at the prompting of the scammer, as I can't see any coaching in the chats that I have been provided with. The other alternative is that Mrs C was worried that if she gave the correct answers to the questions being asked, the payments would be blocked and that she would then miss out on what she thought at the time was a genuine investment. Either way, the answers that Mrs C gave essentially stopped her other bank from giving an appropriate warning or uncovering the scam. And I think this would have likely been the same with Revolut, had it carried out a similar intervention.

For example, in the call in question, Mrs C is asked why she had remote access software and she said it was for her work. When in fact it was to enable the scammer to help her set up her crypto account and make the payments.

When she was further asked about the payments, she said that she was moving funds around and was supporting her older children with deposits for property. When in fact she was moving funds to Revolut in order to make an investment with B.

I note that Mrs C's representative has said that this was not misleading, as she was investing with B in order to be able to provide her children with deposits for houses. I am not persuaded by this, as if this was the case, I think she would have answered that she was sending funds to Revolut to invest and then if asked why she was investing only then would she mentioned house deposits.

So, had Revolut intervened more than it did and asked more probing questions, I think it's very likely Mrs C would have given answers to Revolut, that would likely have been designed to allay any suspicions that the payments could be linked to a scam.

Taking everything into consideration, I think that Revolut should have intervened more than it did. But even if it had intervened further, I don't think the scam would have been stopped.

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

Revolut are under no obligation to refund the money under the Contingent Reimbursement Model (CRM) Code. This is because Revolut are not signatories of the code and the CRM does not cover debit cards. I also don't think that the funds could have been recovered by a chargeback, as the money was used to purchase crypto which she duly received. It was only when she transferred the crypto to the scammers did the loss occur. So I don't think that Revolut could have recovered the funds via other means.

I appreciate this will likely come as a disappointment to Mrs C, and I'm sorry to hear she has been the victim of a cruel scam. However, whilst I have a great deal of sympathy for the situation that Mrs C found herself in, I'm currently not persuaded that Revolut can fairly or reasonably be held liable for her loss in these circumstances."

Revolut did not add any further points in response to my provisional decision. Mrs C's representative did respond. The representative said that it believed that Revolut should have intervened on 2 November 2022, due to the size and pattern of the payments. The representative also said that the scam was convincing and professional and that an intervention at that point (which was earlier than the call mentioned above) would have led to the scam being uncovered and stopped.

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.

Firstly, I should say that I agree that an intervention should have occurred on 2 November 2022 as I did indicate in my provisional decision. I also agree that the scam was professional and sophisticated.

But I don't agree, albeit on balance, that an intervention earlier in the scam would have uncovered that a scam was taking place or prevented the scam. I note Mrs C representative's comments that Mrs C was not under the spell of the scammer earlier in the scam and Mrs C only misled her other account provider later in the scam because she was by that point desperate to get her money back. But the scam was still in the first stage of a typical crypto scam, both when Revolut should have intervened on 2 November 2022 and when the call with her other account provider took place on 14 December 2022. By this, I mean it was the stage where money is sent to the scam in order to make additional profits, rather than the next stage where the funds are being paid as fees to release so called profits that have already apparently been made. So given Mrs C was willing to mislead her other bank to ensure that she could make further profits on 14 December 2022, I think she would have likely done the same on 2 November 2022.

It could be argued that as Mrs C had not made as much profit on 2 November 2022, she would be less likely to mislead if questioned about the payments. But at that point, Mrs C had just made a successful withdrawal and as a result looks to have not had any suspicions that she was being scammed. So I think she would have provided answers to any questions about this payment in a way to ensure the transaction went through so she could make further profits.

So overall I don't think that Revolut could have uncovered or stopped the scam.

My final decision

My decision is that I do not uphold this complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 12 March 2025.

Charlie Newton
Ombudsman