

The complaint

Ms S complains about Revolut Ltd.

She says that Revolut didn't protect her when she became the victim of a scam and would like it to refund her the money she has lost as a result.

What happened

Ms S was introduced by a colleague to an 'investment'. Unfortunately, the investment turned out to be a scam.

By the time Ms S realised what had happened, she had made the following payments from her account with Revolut.

(PAYMENT TABLE).

Ms S and her representatives complained to Revolut and said it should have done more to protect Ms S from the scam. They said that it should have realised that she was at risk of financial harm and explained that Ms S's first language was not English.

Revolut didn't uphold Ms S's complaint, so she and her representatives brought the complaint to this Service.

Our Investigator looked into things but didn't think that Ms S's complaint should be upheld. They said that the payments Ms S made were not unusually large or suspicious, and that when Revolut did contact Ms S about the payments, the intervention was proportionate to the risk it identified.

Ms S didn't accept the Investigators view, and asked for a final decision, 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.

Having done so, I've decided not to uphold this complaint, for broadly the same reasons as our Investigator. I know this will be disappointing for Ms S, so I'll explain why.

In broad terms, the starting position at law is that banks and other payment service providers (PSP's) are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And I have taken that into account when deciding what's fair and reasonable in this case.

Ms S authorised the payments in question here – so even though she was tricked into doing so and didn't intend for the money to end up in the hands of a scammer, she is presumed liable in the first instance.

But this isn't the end of the story. As a matter of good industry practice, Revolut should also have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there is a balance to be struck: banks had (and have) obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider having been good industry practice at the time, I consider Revolut should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and 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 banks 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, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.
- 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 need to decide whether Revolut acted fairly and reasonably in its dealings with Ms S when she authorised payments from her account or whether it could and should have done more before processing them.

Looking at the payments in question, I don't think that the amounts, or frequency of the payments were sufficiently unusual or suspicious enough for Revolut to have had concerns that Ms S may have been at risk of financial harm. While I recognise that in total, Ms S has lost a significant amount of money, there is a balance to be made between Revolut processing payments on a customer's request whilst protecting them from financial harm, and they can't reasonably be expected to intervene with every payment – even those going to cryptocurrency. And while such payments do carry an elevated risk, not every payment of this kind is as a result of a scam.

Revolut has shown that it flagged one of Ms S's payments (£1,300 on 20 November 2023) and asked her some dynamic questions about the payment. Ms S confirmed that she was paying money to her own account – and didn't select 'as part of an investment' from the options available. She was then shown the relevant warnings for the payment type she

selected. While I understand that Revolut should have known that the payment was likely going to a crypto provider, many people do have their own crypto wallets that aren't related to scam payments – and I think that the intervention was proportionate to the risk identified, and I don't consider Revolut should have been expected to have stepped in with a human intervention at this point.

I have also considered if Revolut could have retrieved any money on behalf of Ms S – but as the money went to a crypto wallet, and was quickly moved on, I'm satisfied there was nothing it could have done to recover her funds, even if it had attempted to do so.

I am very sorry for the situation Ms A now finds herself in – I know that she has lost a lot of money as a result of a cruel and manipulative scam – but the loss here was caused by the scammer, not Revolut. And I can't ask it to refund her when I don't think it did anything wrong.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 25 September 2024.

Claire Pugh
Ombudsman