

The complaint

Miss N complains that Revolut Ltd ('Revolut') won't refund the money she lost to a scam.

She's being represented. To keep things simple, I'll refer to Miss N throughout this decision.

What happened

The background to this complaint is known to both parties, so I won't repeat all the details here. In summary, Miss N says:

- In early 2023, she saw an online advert about a company I'll call 'X'. She left her contact details and was then called by someone claiming to be a financial adviser (the scammer) at X. She carried out checks into X before investing and found positive reviews. As part of the process, the scammer asked her to download remote access software and helped her to set up her cryptocurrency wallet. An ID verification process was also completed.
- She started to invest with a small payment from an account she held with another bank. But believing she was making good returns and with the promise that these returns were guaranteed she was persuaded to invest more heavily. The contact with the scammer was frequent and she was regularly updated on the progress of her 'investments'.
- This account was opened in April 2023 to facilitate payments and a total of about £6,000 was sent across two transactions as listed below. The scam was funded from savings and loans. She was led to believe £70,000 was available for her to access, but she realised she'd been scammed when she was asked to pay more to withdraw.

	Date	Type	Payee	Amount
1	27-April-23	Card payment	Wallbitex	£3,700.72
2	09-May-23	Card payment	Wallbitex	£2,397.57

The scam was reported to Revolut in June 2023. A complaint was later made and referred to our Service. Our Investigator considered it and didn't uphold it. In summary, she thought that Revolut ought to have identified a risk and provided a tailored written warning on payment 1. But she wasn't persuaded such a warning would have prevented Miss N's financial loss given the evidence of coaching and the rapport she'd built with the scammer.

As the matter couldn't be resolved informally, it's been passed to me to decide.

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 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 (the 2017 regulations) and the terms and conditions of the customer's account. It's not in dispute that Miss N authorised the payments in question, so she's presumed liable for the losses in the first instance.

But that's not the end of the matter. 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 by April 2023 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 and 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.

Prevention

In this case, I recognise the account was newly opened as part of the scam and Revolut had limited information on which to assess whether the payments presented a risk. I also note its comments that the spending was in line with the account 'opening purpose' that had been selected. However, like the Investigator, I still think there was enough about payment 1 itself for Revolut to have intervened – given it was of significant value and it was being sent to a cryptocurrency provider, which Revolut ought to have known carried an elevated risk.

But, considering the level of risk presented, I also agree a proportionate intervention here would have been a tailored written warning relevant to cryptocurrency scams – highlighting some of the key features of such scams. I'm not persuaded by Miss N's suggestion Revolut ought to have gone further than that by questioning her directly about what was going on at that time. And, for completeness, I don't consider there was enough about the circumstances surrounding payment 2 to have warranted another intervention.

Causation

Although I accept Revolut should have done more to protect Miss N from financial harm, it's also important to consider whether a proportionate intervention with relevant warnings would have made a difference – and, on balance, I'm not persuaded it would have.

As referred to by the Investigator, there's evidence to show that when these payments were made Miss N was already under the scammer's 'spell' to the extent she was prepared to follow their instructions and provide incomplete information about what she was doing when questioned. For example, in March 2023, Miss N told one of her other banks (from which scam payments were also made) that she was moving money between her accounts; she'd not been pressured to do so; and there was no particular reason for the transfer. In April 2023, when her bank again asked her for the reason for her payment, she replied she was sending money to her own account. And, when asked if anyone had asked her to make the payment, she replied she had made the payment herself. There was no mention of the involvement of an 'adviser' at X advising her to make payments for investment. So, I can't overlook that some answers when questioned seem to have been deliberately evasive.

I've thought carefully about Miss N's comments that the third-party interactions were '*low grade*' and that if Revolut had intervened to ask questions then a simple cover story would have been exposed. I also realise Revolut would have had a different set of information on which to assess a scam risk. But as noted above (considering the level of risk presented) that's not the level of intervention I'd have expected here. It's also clear from the messages Miss N exchanged with the scammer that she reverted to the scammer when payments were blocked; was guided on how to respond; and was taking steps to avoid blocks by moving funds through different accounts.

In the circumstances, bearing in mind the level of intervention I'd have expected, the level of trust and rapport Miss N had developed in the scammer, and the actions she took when payments were blocked, I'm not convinced a tailored written warning would have been enough to break the 'spell' or would have stopped her from finding a way to make payments.

Recovery

I've considered if Revolut could have done more to recover the funds once the scam was reported. But it's unlikely there was any prospect of Revolut recovering the funds through a chargeback, given the card payments were used to purchase cryptocurrency from a legitimate provider before it was sent on and lost to the scam.

To summarise, I'm mindful Miss N lost a significant amount of money to a cruel scam and I'm sorry about the impact the whole experience has had on her. But I can only ask Revolut to reimburse her if I think that any wrongdoing on its part caused her loss – and for the reasons I've given, I'm not persuaded it'd be fair and reasonable to do that here.

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 Miss N to accept or reject my decision before 3 January 2025.

Thomas Cardia
Ombudsman