

The complaint

Miss S is unhappy that Revolut Ltd (“Revolut”) hasn’t refunded the money she lost when she fell victim to an investment scam.

What happened

Miss S said in September 2023 she saw an advertisement on an article she found on a social media site. It was about an investment and trading course opportunity and was endorsed by celebrities. Miss S’s representative initially told us that she was unemployed and was concerned about not being able to cope with increasing mortgage interest rates so she hoped that by investing she could help clear her mortgage and provide for her elderly parents.

Miss S explained she clicked on a link within the article which took her to a genuine looking website. Miss S paid a small fee of around \$250.00 to enrol on the course and shortly after she was introduced to someone employed by an investment company – I will refer to as X. Miss S says X looked genuine and she had access to a trading platform where she could see her investment. Miss S said she had access to two accounts on the trading platform – one was an account in her name which was never to be touched and the other was where she traded the profits from the first account.

Miss S downloaded a remote access application so her mentor from X could show her how to make trades.

Miss S was persuaded to take out loans with banks she held accounts with (I will refer to as Bank M, Bank N, and Bank F) as well as a number of other companies. She also set up new accounts including Revolut (and two other banks - Bank C and Bank M2). Miss S also opened a number of wallets with cryptocurrency providers.

Miss S made a number of payments from other bank accounts (some of which are the subject of separate complaints).

On 23 October 2023 – several weeks into the scam, Miss S opened an account with Revolut. She transferred £10,000 into her account on 24 October 2023 (from her bank account with Bank F) and almost immediately attempted to transfer £9,800 out to an account in her name. Revolut paused the payment for further questioning. It then subsequently released the payment.

Shortly after this, Miss S realised she’d been the victim of scam. X had been asking for fees to release her money and then she logged on to her accounts one day and all the money from the ‘holding’ account had been moved. She reported the matter to Revolut. Revolut declined to refund Miss S.

Our investigator did not uphold the complaint. She considered that Revolut ought to have known the payment was going to cryptocurrency and that through better questions (when it reached out through the in-app chat) it could have done more. However, she also considered that Miss S would still have wanted to go ahead anyway. Miss S had indicated

she'd been heavily coached by the scammer who was logged on to her devices through a remote desktop application. And by the time of this payment there was a pattern of new accounts being opened every time a bank stopped her transactions. She'd not be honest about the reasons of taking out loans (saying it was for house renovations) and when other banks intervened, she continued to mislead the banks.

I wrote to Miss S and her representatives informally explaining I was intending on reaching the same outcome as the investigator broadly for the same reasons.

Miss S provided a detailed response. She emphasised her status as a victim and the coercive nature of the scam/scammer. She said her primary bank should have identified the activity as unusual and it failed to protect a vulnerable consumer. She explained that the scam has caused profound financial hardship and emotional distress; exacerbated by the recent passing of her father. She is unemployed, registered disabled and has no means to repay the loans. Miss S also provided some further arguments on causation - largely concerning her relationship with the scammer rather than the bank.

Miss S also pointed out the responsibility of the banks to prevent fraud and to investigate suspicious transactions. Miss S says the bank didn't do enough. Miss S provided examples of other cases decided by this service that she feels supports her arguments.

Miss S's representative didn't agree that the questions and warnings Revolut provided were effective nor complied with Revolut's obligations under the Customer Duty. It emphasised that Miss S was vulnerable at the time.

As the complaint couldn't be resolved informally, I am issuing my 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.

In deciding what's fair and reasonable, I'm required to take into account relevant law and regulations; regulatory rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

Where I can't know for certain what has or would have happened, I need to weigh up the evidence available and make my decision on the balance of probabilities – in other words what I think is more likely than not to have happened in the circumstances.

I'm sorry to hear of all Miss S has been through. Not just in terms of this scam, but also her wider situation and the recent passing of her father. I've no doubt that she has been through a lot and no doubt the scam has impacted her further.

Miss S has been the victim of this cruel scam, and I don't underestimate the impact this has had on her. I therefore want to reassure Miss S that I've carefully considered her complaint and all the points put forward. If, however, I don't mention a particular point, it doesn't follow that the points haven't been considered, simply that I don't need to particularise every point in reaching an outcome I consider to be fair and reasonable in all the circumstances. I've instead concentrated on the issues I think are central to the outcome of this complaint.

Miss S has fallen victim to what can only be described as a cruel and callous scam. I'm sorry she has lost so much money, and I can understand why she would like to be compensated for all her losses. I accept that the scammer has been the primary cause of financial harm but there is no prospect of recovering Miss S's money from the scammer. The case I am considering is against Revolut and is about whether it is fair and reasonable for Revolut to refund Miss S those losses. In order to do so, I need to find that Revolut did something wrong and that its actions were the cause of her loss.

I should also add that each case is judged on its own merits and what may appear (on the face of it) to be a similar set of circumstances, may often transpire not to be the case.

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 service 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 in 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 and did in this case);
- 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 Miss S when she authorised the payment from her account or whether it could and should have done more before processing it.

Whilst we now know the circumstances which led Miss S to make the payment using her Revolut account and the process by which that money ultimately fell into the hands of the fraudster, I am mindful that, at that time, Revolut had much less information available to it upon which to discern whether the payment presented an increased risk that Miss S might be the victim of a scam.

Although I recognise Miss S was vulnerable to this scam, I can't see that she communicated this to Revolut – meaning that Revolut would not have been aware that Miss S had any vulnerabilities before it processed the payment.

In this case, Miss S transferred money to an account in her own name and from there went on to buy genuine cryptocurrency which was then transferred to the scammer. The transaction did not obviously look like cryptocurrency. These transactions (transfer to own account/purchasing cryptocurrency) of themselves are not a scam but rather genuine transactions. The scam happened after that; by Miss S moving her cryptocurrency to the scammer.

I am aware that scams involving cryptocurrency had become increasingly prevalent and well known to banks and EMIs (Electronic Money Institutions) such as Revolut. But I also think it was reasonable for Revolut to take into account a range of factors when deciding whether to intervene or provide a warning.

I am mindful that banks can't reasonably be involved in every transaction. There is a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments. It's not unusual for consumers to make higher payments from time to time.

This was a new account so there was no prior history for Revolut to compare the activity to. So, this single payment of £9,800 (to an account in her own name) wouldn't have appeared unusual or uncharacteristic to Revolut, as it had no prior knowledge of the way Miss S usually transacted.

That said, Revolut did in fact intervene when Miss S tried to make the £9,800 transfer. It stopped the transfer temporarily to ask more about the nature of the payment. Miss S selected "*Transfer to my other account*" as the payment purpose and then specified that the money was being transferred to a "*Checking or savings account in another bank*". A questionnaire followed and then Revolut displayed a series of story like warnings tailored to the payment purpose selected. Miss S was then prompted in Revolut's in-app chat where further warnings were shown.

Revolut told Miss S that "*we think there's a high chance that your money might be at risk if you make this transfer*".

It also warned:

STOP - Be informed and protect yourself against scams! Revolut or any other financial institution will NEVER GUIDE YOU to make a payment or to ignore payment alerts. If someone claims otherwise, you are falling for a SCAM. If you are being guided, take a moment to pause and VERIFY the legitimacy of the request. Scammers often pose as trusted entities and instruct you to make payments. These scams lead to FINANCIAL LOSS and compromise your personal information. Be wary of unsolicited messages or calls requesting payments to be made because your money is at risk or investments to be initiated because there's a "too good to be true" opportunity at stake. If you have any doubts or believe you've encountered a scam, please report it immediately to us.

It then went on to warn about 'safe account' scams as this was the scam risk it identified based on the information Miss S had provided at the time. I appreciate Miss S was being coached by the scammer, but Revolut can only be expected to warn about the scam risks it is able to reasonably identify based on the information it is given.

Miss S told Revolut that she was transferring money to her other account. And she'd indicated the previous day that the account purpose was for 'transfers'. Revolut could see it was going to her own account with O. Although (as I understand it) she purchased cryptocurrency from there – I don't think it would have been obviously apparent to Revolut at the time of the transfer - as O is a platform that provides many other banking services.

I'm satisfied Miss S was clearly under the spell of the scammer and placed a significant amount of trust in them – which, as Miss S has pointed out was likely due to the manipulation techniques employed by the scammer. This however led to Miss S demonstrating a clear willingness to mislead Revolut to ensure she could invest with the scammer. And I consider the influence of the scammer over Miss S remains evident throughout. This is because Miss S failed to disclose that someone was assisting her through the questionnaire and that she had installed remote access software. I think Revolut would've been reassured that Miss S was sending money to her own account elsewhere.

I again appreciate that a scam victim's judgement can be impaired due to the scammer's psychological grip on them – thereby making it difficult for them to recognise or act on such warnings. But while that may be the case, I can't reasonably hold Revolut responsible for that. And I think Revolut's response was proportionate to the risk it identified.

I'm not persuaded there were any prospects of Revolut successfully recovering the funds, given the money was sent to an account in her own name and subsequently used to purchase genuine cryptocurrency.

Overall, this was a single transaction for £9,800 being transferred to an account in Miss S's own name. It didn't obviously look like cryptocurrency. I acknowledge Miss S's representative's comments on the warnings but in my view Revolut's response was proportionate to the risk involved here and there was nothing about the transaction or Miss S's response to its questions that Revolut should have identified as being inherently suspicious at the time to warrant any further intervention.

I want to reassure Miss S that I'm not placing blame or responsibility on her for what happened – as, unfortunately, she has been the victim of a cruel scam. I have a great deal of sympathy for Miss S and the loss she's suffered, as I appreciate it is a significant sum of money and will also impact her further.

This is not an easy decision for me to make, but it would only be fair for me to direct Revolut to refund her loss if I thought they were responsible – and I'm not persuaded that this was the case. For the above reasons, I don't think Revolut has acted unfairly by not refunding the payment.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 21 March 2025.

Kathryn Milne
Ombudsman