

## **The complaint**

Mrs H complains that Revolut Ltd didn't do enough to protect her when she fell victim to a scam.

## **What happened**

Between March and May 2023, Mrs H made three faster payments to a cryptocurrency exchange service. The funds were then used to purchase cryptocurrency which was transferred into a third-party wallet. She believed she was investing her money. She'd been introduced to the 'investment' by a family member who had been investing and had received returns. After the scammer requested a tax payment from Mrs H which she'd said she was unable to pay, he advised he'd be closing the account. And following futile attempts to speak with his manager, she realised she'd been the victim of a scam.

The payments totalled just under £10,000. She received just under £2,000 back. So, her loss was around £8,000.

Revolut didn't uphold this complaint. It felt it had provided sufficient scam warnings and did everything it could to recover the funds.

Unhappy with this, Mrs H brought a complaint to our Service, via a representative. Our investigator considered the complaint. He concluded that while Revolut should have done more to intervene, Mrs H would have sought guidance from the scammer around how to answer the questions without raising concerns. So, she still would have made the payments with an appropriate intervention. And he thought Revolut did enough to try to recover the funds.

Mrs H disagreed so the complaint has been passed to me to decide. I got in touch with Mrs H, via her representative, informally to let her know how I was minded to proceed – which was largely to agree that Revolut shouldn't be held liable.

In summary, Mrs H feels that Revolut should have done more to intervene and doesn't feel it to be fair or reasonable to make an assumption about what likely would have happened if it had. She also doesn't feel it relevant to take her family member into consideration.

So, I'll now proceed to formalise my 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 won't be upholding this complaint – I'll explain why.

Broadly speaking, 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 2017 and the terms and conditions of the customer's account.

It isn't in dispute that Mrs H authorised the transactions in question. She is therefore initially presumed liable for the loss. However, Revolut is aware, taking longstanding regulatory expectations and requirements into account, and what I consider to be good industry practice at the time, that it should have been on the lookout for the possibility of fraud and made additional checks before processing payments in some circumstances.

Based on this, though payments were being made to a legitimate cryptocurrency exchange service, I would have expected Revolut to have intervened. And, in this case, it did. It provided a warning for the first two payments, questioning whether Mrs H knew and trusted the payee and stated that if she was unsure, she shouldn't pay them as Revolut might not be able to help her get her money back. After acknowledging this warning and choosing to continue, Revolut's systems detected that the payment to the newly added beneficiary was suspicious, and the transfer was put on hold.

Revolut asked for the purpose of the transfer and gave a list of eight options, including 'Investment', 'Crypto Currency' and 'Something Else'. However, Mrs H selected 'Transfer to a 'Safe Account''. Having selected this option, she was presented with further warnings. These were to make her aware that she might be contacted by fraudsters pretending to be from Revolut, or other financial institutions, telling her to move her money to a 'safe account' due to a problem with her account. And to let her know that financial institutions wouldn't ask her to do this, or download software, ignore warnings, or share sensitive information. Having read these warnings, Mrs H was allowed to proceed with the payments.

I'm not satisfied that Revolut took sufficient action when Mrs H referred to 'safe account' as her reason for making the payment. Given that there's no legitimate reason for a customer to move their money from an unsafe account to a safe account – which is what is meant by this payment purpose - I don't think Revolut should have allowed the payments through until it was completely satisfied that the payment purpose had been selected in error. And providing these warnings and then allowing Mrs H to proceed doesn't give much assurance that the payment purpose was selected in error.

But it doesn't necessarily follow that the failure to go far enough means it should be held liable. I've thought very carefully about what would likely have happened if Revolut had gone further and probed Mrs H about the payment she was making. Mrs H doesn't feel it's fair to make assumptions about what's likely to have happened. But, where there is an absence of evidence, I need to make a finding on the balance of probability and without the benefit of hindsight. I don't think it would be fair to hold Revolut responsible for the payments if an appropriate intervention likely would have resulted in the payments still being made. And, on balance, I think Mrs H would still have proceeded with the payments.

I say this because Mrs H trusted the scammer. She'd been made aware of the 'investment' opportunity by a family member who had been dealing with the same adviser and who had seen a return on the amount they'd invested. From conversations I've seen between Mrs H and the scammer, I can see she was being coached around what answers to give, or not give, to make sure payments were processed.

When making a payment from a third-party bank to her Revolut account, the payment was stopped, and Mrs H was required to speak with a representative from the bank. Just prior to and during this call she was in communication with the scammer. The scammer advised her not to mention trading at all, to say she wasn't working with anyone, that she has an account with Revolut and that she wants her money in there to spread her risk. *"Don't tell them anything else or they won't let you transfer"*. Having heard the call with the third party, it's clear that Mrs H was willing to mislead to ensure the payment was processed – she explained she was going on holiday, specifying where to, and said that she wanted her spending money with Revolut as it wouldn't charge her for spending abroad. Following this,

the payment was made.

So, I've thought carefully about what would have happened if Revolut had intervened further and asked more probing questions about the attempted payments. I recognise that she couldn't have given the same reason to Revolut, as the money clearly wasn't being used for holiday spending money. I don't know what she would have said or if there would have been any hesitation in her response. But I think the crucial part here, in trying to determine a fair outcome, is thinking about what she thought she was paying for and what her intentions were. Mrs H thought she was paying towards an investment. And her actions show us that she wasn't deterred from investing by the suggestion she should mislead a third-party bank, and she willingly did so with quite a detailed cover story. So, I think her intention here was to do what she needed to in order for that payment – to an investment she trusted at the time – to be made.

I don't think further probing would have uncovered the scam as I'm satisfied she was under the spell of the scammer. And while I'd like to reiterate here that Revolut didn't do enough when it was told the payment was being made to a 'safe account', a key point here is that she wasn't falling victim to a safe account scam – so I don't think any warnings about this would have resonated with Mrs H.

I also think it's noteworthy that the purpose Mrs H gave when opening her account included 'transfers' and 'cryptocurrency'. So, if it had come to light that she was investing, this would have been generally in line with the account-opening purpose. And the 'returns' received by her family member would have given her assurances about continuing with the payment.

Revolut didn't intervene with the third and final payment. I wouldn't have expected it to due to the recipient now being a known beneficiary and the amount being in line with earlier payments made. But I also note that by this time, Mrs H had also received a 'return' on her investment. So, I don't think any proportionate intervention would have made a difference here.

In summary, while I'm very sorry Mrs H has been the victim of a cruel scam, I don't think it would be fair to hold Revolut responsible. And I note that it made reasonable attempts to recover the funds but was unsuccessful in doing so.

### **My final decision**

For the reasons given above, I don't uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 20 September 2024.

Melanie Roberts  
**Ombudsman**