

The complaint

Miss S complains that Revolut Ltd did not refund a series of payments she lost to a scam.

What happened

Miss S fell victim to an investment scam via a company I'll call 'T' and opened a Revolut account as part of it. Miss S made the following payments from her Revolut account to the investment.

Date	Amount
14/04/2023	£5,000
25/04/2023	£10
01/05/2023	£1,000
02/05/2023	£1,030
25/05/2025	£560

Miss S realised she was the victim of a scam when T stopped responding to her. She raised a scam claim with Revolut who did not agree to reimburse her. The complaint was referred to our service and our Investigator initially felt the first payment should have been referred for additional checks and that this could have revealed the scam. However, Revolut disagreed.

Our service received additional information from Miss S' third party bank ("L") that she used to credit the Revolut account. Our Investigator issued a new view in which they did not uphold the complaint as Miss S had received general scam warnings from L and she had misled them about the true purpose of the payment.

Miss S did not accept the outcome and the case was passed to me for review. I issued a provisional decision in which I did not recommend the complaint be upheld, but my reasons differed from the Investigator's. My provisional decision read as follows:

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Broadly speaking, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account. And a customer will then be responsible for the transactions that they have authorised.

It's not in dispute here that Miss S authorised the payments in question as she believed they were part of a legitimate investment. So, while I recognise that she didn't intend the money to go to scammers, the starting position in law is that Revolut was obliged to follow Miss S's instruction and process the payments. Because of this, she is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams. So, I've also thought about whether Revolut did enough to try to keep Miss S's account safe.

Revolut provided new payee warnings that asked Miss S if she knew the individual she was paying. And the fourth payment of £1,030 was initially declined as it flagged as suspicious on Revolut's internal systems. Following this, Miss S was asked to confirm what the payment was for, and she selected 'investment'. Revolut then provided her with some general investment scam warnings. These said that scams can include online adverts offering fake, but often convincing investment opportunities to make more money. That legitimate investments won't guarantee profit and will not be on social media. And that a genuine investment company will be registered with the regulator, such as the Financial Conduct Authority. Miss S had the option of carrying on with the payment, which she did.

I can see Miss S opened the Revolut account in order to facilitate the scam payments, so there were little to no genuine payments to compare the scam ones to. I can see that the payment of £5,000 was going to a known cryptocurrency exchange, and Revolut has confirmed they were aware of this. Considering the prevalence of cryptocurrency related scams at the time of the payment, and the value of the transaction, I think a proportionate response to the scam risk the payment posed would have been to provide a tailored cryptocurrency investment scam warning. I've gone on to consider whether such an intervention would have prevented Miss S from making the payment.

On balance, based on what I've seen so far, I do not think a tailored cryptocurrency investment scam would have revealed the scam at the time. I've firstly taken into consideration the intervention from L on a £5,000 credit going into the Revolut account on the same day, which I think was mostly likely connected to the scam.

When asked what the purpose of the payment was by L, Miss S said she was using it for holidays and hotel bookings. And when asked if anyone had asked her to make the payment, or to mislead the bank, she said no. It's unclear why Miss S did not reveal to L that she was transferring the money for an investment, or why she did not mention that she was being guided by someone she thought was an advisor. But I think this highlights that she was under the spell of the scammers at the time and was willing to take steps, such as not revealing the true payment purpose, to ensure the funds credited the Revolut account.

I've also considered the later general investment scam warning from Revolut on the payment of £1,030. While I accept this could have been more tailored to cryptocurrency, I think it still had some relevance to Miss S's circumstances. T was not registered under the FCA and Miss S had found an advert online. It's unclear what returns she was promised from the correspondence I've reviewed, but she was reasonably convinced by the scammer to deposit £5,000 as the initial payment. Despite these warnings, Miss S went on to make further payments to T over three weeks later.

On balance, considering how Miss S responded to the questions on the intervention from L, and her continuing to make payments following the investment scam warnings from Revolut, I think it's more likely a tailored cryptocurrency warning on the initial payment of £5,000 would not have prevented Miss S from making the payment. So, based on what I've seen so far, I think she was reasonably under the spell of the scammer at the time, and I therefore don't think Revolut missed an opportunity to reveal the scam.

Revolut has correctly set out that they were unable to raise a chargeback claim for the card

payments. The chargeback scheme is voluntary and run by the card issuers and not Revolut. Its purpose is to resolve disputes between merchants and consumers. In this case, Miss S's dispute is with the scammer and not the merchant, and I note the merchant has provided the service paid for, namely the purchasing of cryptocurrency. So, I agree there was no grounds for Revolut to raise a chargeback claim in the circumstances. And for the later faster payments, considering the length of time between the transactions occurring and Revolut being notified of the scam, I think it's unlikely any funds would have remained to recover from the beneficiary account.

Revolut did not respond to my provisional findings.

Miss S's representative responded and felt a tailored cryptocurrency scam warning would have been enough to make Miss S question the legitimacy of the investment opportunity. And they highlighted that the fourth payment of £1,030 was flagged as suspicious, so Revolut's systems should and could have intervened more robustly on the payment of £5,000.

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.

I've considered the comments made by Miss S's representatives, and these are all points I considered when reaching my provisional decision.

I set out in my provisional decision why I did not think a tailored warning at the time of the £5,000 payment would have prevented Miss S from making further payments. This was due to a combination of Miss S having already received general warnings from L, clearly being under the spell of the scammer and willing to mislead the banks and not take advice from them, and the fact she was given a later warning that was relevant to aspects of the scam she had fallen victim to but she went on to make further payments to the scam following this. So, for these reasons, I do not think a tailored warning at the point of the £5,000 payment would have been enough to break the spell and reveal the scam at that time.

I've acknowledged that the fourth payment was flagged as suspicious, and I am aware of the capabilities of Revolut's fraud systems. I've carefully considered what I consider to be a proportional response to the risk level the payment of £5,000 posed. And having done so, I'm satisfied that a tailored cryptocurrency warning would have been enough in the circumstances.

I'm sorry that Miss S has been the victim of a cruel and manipulative scam. But I have to consider Revolut's actions and having done so, I don't recommend that they reimburse Miss S in the circumstances.

My final decision

I do not uphold Miss S's complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 6 February 2025.

Rebecca Norris
Ombudsman