

The complaint

Mrs B complains that Revolut Ltd ('Revolut') won't refund the money she lost as a result of an investment scam.

She's being represented by solicitors. To keep things simple, I'll refer to Mrs B 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, Mrs B says:

- In early April 2023, she came across an advert for a company by the name of 'current-coins' (the scammer) which was seemingly endorsed by a celebrity. After taking time to review the scammer's website and customer testimonials, she opened what she thought was a genuine trading account with a legitimate and established company. An ID verification process was completed adding to the legitimacy of the 'investment'.
- A payment of £280 was paid initially from an account she held with another bank (Bank N). She was then contacted by the scammer posing as her 'account manager' who'd be carrying out trades on her behalf. And they instructed her to download remote access software and open a new Revolut account to '*facilitate payments*'. Encouraged by the profits she believed she was making, she decided to invest more heavily.
- A total of about £10,855 was paid to the scam from her Revolut account. This was sent across two payments on 6 and 7 April 2023. She realised she'd been scammed when she requested a withdrawal and was told this wasn't possible.

I've listed below the transactions I've considered as part of this complaint.

Date	Payment type	Payee	Amount
05-Apr-23	Transfer - Declined	Bitrizza UAB	£8,786.27
06-Apr-23	Transfer	Bitrizza UAB	£8,755.23
07-Apr-23	Card payment	Ramp Swaps	£2,100

The scam was reported to Revolut on 17 April 2023. A complaint was later made and referred to our Service. Our Investigator considered and initially upheld it on the basis that Revolut could have done more to provide Mrs B with a written scam warning tailored to cryptocurrency – and that, if it had, then the scam would have likely been unravelled. But she changed her mind, on receipt of further evidence, and ultimately concluded that it was unlikely a better intervention would have uncovered the scam and stopped Mrs B's losses. 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 (in this case the 2017 regulations) and the terms and conditions of the customer's account.

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 in 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, as noted by the Investigator, Revolut did recognise Mrs B may have been at a heightened risk of financial harm when making her payments. It has provided evidence to show the first attempted payment was declined on 5 April 2023 and that another transaction was also put on hold pending checks before it was processed on 6 April 2023. At that point, Mrs B was asked for the payment purpose before she was then put through to a live agent and asked a series of questions. And, having considered that interaction, including the actions Revolut took in response to Mrs B's answers, I agree it ought to have done more to establish the circumstances of the payment and provide a relevant warning.

For example, even though Mrs B had initially selected '*goods and services*' as her payment purpose and was given a warning covering those types of scams, Revolut ought to have likely recognised the payment was going to a crypto-platform. I note that when probed Mrs B did say later in the chat that she was '*buying stocks*' and gave the name of the merchant. So I think Revolut missed an opportunity here to question further the reasons for the transaction and to provide a relevant warning based on the information that was available at the time.

Causation

That said, even accepting Revolut should have done more, it's also important to consider whether better questioning and relevant warnings would have made a difference (and prevented Mrs B's losses) – and, on balance, I'm not persuaded it would have.

This is because there's evidence to suggest that when the payments were made Mrs B was already under the scammer's 'spell' to the extent she was prepared to follow the scammer's instructions and provide misleading information about what she was doing when questioned.

As referred to by the Investigator, Bank N from which the funds to Revolut originated called Mrs B on three occasions to find out more about what was happening. In the first call, on 4 April 2023, she told Bank N she was transferring money to Revolut to save money, was not under any pressure to send funds, and that she'd not been told to give false information to the bank. In a second call, on 7 April 2023, she told Bank N she was sending money to invest but also that she was doing all the investing herself with no-one else involved.

In a further call, on 11 April 2023, she told Bank N she was making the payment to earn more interest. When asked about the reasons for earlier payments she said she'd previously sent money to Revolut to buy stocks, but again said 'no' when asked if anyone had approached her with an investment opportunity or had asked her to move funds. I can't overlook this was despite Bank N having warned her of scams involving the movement of funds between own accounts and cryptocurrency, which closely matched her situation.

I realise Mrs B may have been coached by the scammer on what to say for her payments to go through without issue and followed their instructions believing she was dealing with a genuine company. And I accept I can't know for certain how things would have played out if Revolut had done more with its intervention, bearing also in mind it had a different set of information on which to assess any scam risk presented. But because, on the evidence, Mrs B didn't reveal what was going on when questioned by Bank N (even after it had warned specifically of scams involving cryptocurrency), then I'm not convinced she'd have likely been upfront about what was really happening if Revolut had questioned her further, such that the scam would have necessarily been unravelled or her losses prevented.

Recovery

For the transfer, it's unlikely Revolut would have been able to recover those funds, as the money was used to purchase crypto-currency which was sent to the scammer by the time the scam was reported. For the card payment, I'm not persuaded there was any prospect of Revolut successfully recovering those funds through a chargeback, given the money was first used to purchase crypto-currency from legitimate providers.

I know that this outcome will come as a disappointment to Mrs B. I'm mindful that she's 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, taking everything into account, I'm not persuaded it'd be fair and reasonable to hold Revolut liable in circumstances where it seems more likely than not a better intervention wouldn't have prevented her losses.

My final decision

For the reasons I've given, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 6 November 2024.

Thomas Cardia
Ombudsman