

The complaint

Ms W has complained, initially via a representative, that Revolut Ltd (“Revolut”) failed to refund the money she lost as part of an investment scam.

What happened

The details of this complaint are well known to both parties, so I will not repeat everything again here. Instead, I will focus on giving the reasons for my decision.

In summary though, Ms W came across an advert in which a well known celebrity appeared to be endorsing a company that purported to be a crypto investment firm that I will call B.

Ms W then made a number of transactions to B via a crypto exchange via card payment. These transactions totalled around £14,000. Other funds were sent from accounts with different providers.

After some time, Ms W realised she had been scammed when she was unable to withdraw her profits without paying additional fees. Ms W asked Revolut to refund these payments, as she believes Revolut should have done more to prevent her from being scammed in the first place. Revolut did not agree with this.

One of our investigators looked into this matter and she thought that any intervention from Revolut would likely not have stopped the scam. She said this because she believed that Ms W was being coached by the scammer on what to say if questioned about the payments that she was making. She therefore did not uphold this complaint.

Ms W did not agree with this and therefore her complaint has been passed to me to issue a 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 agree with the conclusions reached by the investigator for the following reasons.

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

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities. In other words, on what I consider is more likely to have (or would have) happened, in light of the available evidence and the wider circumstances.

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. This should be in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

However, taking into account relevant law, regulatory 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 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
- 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.

The first four payments that were made were not large enough or had a pattern indicative enough for Revolut to have needed to have intervened. That said the investigator thought that Revolut should have intervened during payment 5 and I agree. It represented the third payment in quick succession to a crypto exchange. I think that an appropriate intervention would have been to ask questions about the payments. One way of it doing this was via an online chat.

Revolut did not do this but that does not mean that Revolut has to refund the payments in question. I next need to consider what would have happened if Revolut did intervene and I don't think that this would have stopped the scam. Let me explain why.

It is clear that Ms W was under the spell of the scammer, as it appears she did give misleading answers to one of her account providers. When speaking to one of her account providers she repeatedly said during two calls that she was transferring funds to her Revolut account in order to purchase a car, when in fact the funds were for an investment. I note that Ms W has said that she said this because she was investing to be able to purchase a car. But from the calls in question, it does not sound like that, and it seems clear that she is telling her account provider, proactively in one case, that she is purchasing a car, that she does not want to wait and it is her money. If she was meaning that she was sending funds to Revolut in order to invest to earn the money to purchase a car, I think that she would have said she was sending funds for an investment and if asked why she was investing only then would mention a car. So it seems more likely than not that Ms W was proactively giving misleading answers to one of her other account providers as she was concerned that if she gave accurate answers, it may have led to her payments being stopped.

I also note that Ms W said that when she made the payments in question, she was also told by the scammer not to mention that she was purchasing Bitcoin and that the scammer was on the phone with her when she was making the transactions in question. So it is clear that Ms W was being coached by the scammer and was under the spell of the scammer.

So overall, albeit on balance, I think that had Revolut intervened and asked questions about the payments in question, I don't think that Ms W would have provided accurate answers to the questions asked. So I don't think that it could have uncovered or prevented the scam.

I also think that in any subsequent interventions the same thing would have occurred. So taking everything into consideration, I think that Revolut should have intervened more than it did. But even if it had intervened further, given the circumstances of this complaint, I don't think the scam would have been stopped so I can't reasonably ask Revolut to refund the payments in question.

I've also thought about whether Revolut could have done more to recover the funds after Ms W reported the fraud.

Revolut are under no obligation to refund the money under the Contingent Reimbursement Model (CRM) Code. This is because Revolut are not signatories of the code. I also don't think that the funds could have been recovered by a chargeback, as the money was used to purchase crypto - which she duly received. It was only when she transferred the crypto to the scammers did the loss occur. So I don't think that Revolut could have recovered the funds via other means.

I appreciate this will likely come as a disappointment to Ms W, and I'm sorry to hear she has been the victim of a scam. However, whilst I have a great deal of sympathy for the situation that Ms W found herself in, I'm not persuaded that Revolut can fairly or reasonably be held liable for her loss in these circumstances.

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 Ms W to accept or reject my decision before 2 April 2025.

Charlie Newton
Ombudsman