

The complaint

Mrs M complains that Revolut Ltd has declined to reimburse payments she made as part of a scam.

What happened

While Mrs M has a representative in bringing this complaint – for simplicity I'll refer to Mrs M in relation to comments made by her and on her behalf. The facts are well-known to the relevant parties, so I'll set them out briefly.

Mrs M was tricked into making payments as part of a job scam - she believed she needed to deposit money to be able to complete tasks.

Initially Mrs M made payments from her account with a third-party bank and was able to withdraw some funds. Mrs M then opened an account with Revolut in September 2023 and began making payments from there. She funded these in part with a loan and money borrowed from family members. In total Mrs M sent around £37,000 from her Revolut account – this involved card payments to a cryptocurrency platform and peer to peer transfers.

When Mrs M contacted Revolut to explain she'd been scammed it didn't refund any of her funds. It said that the payments were authorised and that Mrs M didn't have chargeback rights for the card payments. It asked for further evidence to investigate the transfers she made.

When Mrs M referred the matter to our service, Revolut provided evidence that it had intervened in some payments, and at the time Mrs M answered its questions incorrectly. Revolut said that it provided scam warnings based on the information she provided.

The investigator didn't uphold Mrs M's complaint – they said they thought Revolut ought to have done more to intervene but, on balance, didn't think it was likely that this would have prevented Mrs M's loss.

Mrs M didn't agree, in summary she said that Revolut should have identified the activity was suspicious and undertaken a more probing and effective intervention. She said her payments were rapid and for increasing amounts, and that Revolut should have been aware that scammers coach their victims when intervening.

So, the matter has been passed to me for a decision by an ombudsman.

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, while I accept Mrs M has been the victim of a cruel scam, I'm not upholding her complaint for similar reasons that the investigator shared.

It isn't in dispute that Mrs M authorised the payments. 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, 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 September 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 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 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.

While I think Revolut ought to have recognised that Mrs M was at heightened risk of financial harm from fraud when making these payments, I don't think any proportionate intervention by Revolut would have prevented Mrs M's loss. I'll explain why.

- I don't think Mrs M's first payment from her Revolut account would have appeared suspicious given the amount and that the type was consistent with the account opening purposes given. But I do think Revolut ought to have intervened on the 8 September 2023 when Mrs M started to make larger payments that would have been identifiably to a cryptocurrency platform.
- I can't know for certain what would have happened if Revolut had appropriately intervened, and so I've needed to make a finding on the balance of probabilities, based on the information available.
- By the 8 September 2023 when I think Revolut ought to have intervened, Mrs M had been able to withdraw funds adding to her belief that this was a credible role. She'd also built a rapport with her trainer as a peer (the scammer) and appeared persuaded that she needed to make further payments to be able to withdraw further funds.
- Mrs M had taken the step of arranging a loan to fund these payments and had accepted it when the scammer told her that banks have a conflict of interest with cryptocurrency.

- Mrs M was being heavily coached by the scammer, and when Revolut did later intervene on the 17 September 2023, Mrs M gave incorrect payment purposes. She also confirmed that she wasn't being assisted through the questionnaire even though she had asked the scammer what to select. And when Mrs M did engage in a chat with Revolut she was told there was a high likelihood she was being scammed but she continued and confirmed that she wasn't under pressure to make the payments.
- I'm mindful that it would only be fair for me to require Revolut to reimburse Mrs M if I thought that had it intervened proportionately it would have prevented her loss. I don't disagree that it ought to have been aware of common scams and that potential scam victims might be being coached. But here, for the reasons I've given, I'm not persuaded that Mrs M would have answered its questions accurately. I think it's more likely that the scammer would have guided her to provide answers that would have reassured Revolut and facilitated the success of further payments. And so, I can't reasonably conclude that Revolut would likely have been able to identify the relevant scam risk or that proportionate steps would have prevented Mrs M from making the payments.
- I've also considered the steps Revolut took once Mrs M reported the scam to it in October 2023. As the card payments were authorised and the money transfer service was provided, Mrs M would not have had grounds for a successful chargeback. And given the delay in reporting the scam, I don't think it's likely that Revolut would have been able to recover her funds from the beneficiary of her payment transfers.

For these reasons, I don't think it would be fair to require Revolut to provide Mrs M with a refund.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 31 December 2024.

Stephanie Mitchell
Ombudsman