

## The complaint

Mrs G is unhappy that Revolut Ltd (“Revolut”) won’t reimburse her for money she lost as part of a third-party scam.

## What happened

The circumstances that led to this complaint are well known to both parties, so I won’t repeat them in detail here. But briefly Mrs G fell victim to an investment scam. In August 2023 she saw an advert online endorsed by a celebrity about making money via cryptocurrency with a trader (I will refer to as T in this decision). Initially Mrs G made payments from another bank account to the scam, but on 14 August 2023, Mrs G set up an account with Revolut where she made the following payments as part of the scam:

Transaction	Date	Amount	Payee	Type
1	8/9/23	£5,250	L	Faster payment declined
2	8/9/23	£2,149.14	V	Card payment
3	8/9/23	£1,719.38	V	Card payment
4	8/9/23	£1,288.97	V	Card payment
5	29/9/23	£10,000	P	Faster payment

Due to issues with P or T not receiving the final payment, towards the end of October 2023, Mrs G asked for her original capital back but when it wasn’t forthcoming, she complained to Revolut that she had been the victim of an investment scam.

Revolut declined her claim. It raised chargebacks for the card payments which were unsuccessful, and it provided a questionnaire and scam warnings for the final payment before it processed it, so it felt it had done enough.

Our investigator did not uphold the complaint. She felt that further intervention from Revolut would not have deterred Mrs G from making the payments.

Mrs G didn’t agree. As the case has not been resolved informally it’s been passed to me for 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.

I have carefully noted the representations made by all the parties, but I won’t be addressing every single point that’s been raised. It doesn’t follow that the points haven’t been considered, simply that I don’t need to particularise every point in reaching an outcome I consider to be fair and reasonable in all the circumstances. I’ve instead concentrated on the issues I think are central to the outcome of this complaint.

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, 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, 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.

*Should Revolut have recognised that Mrs G was at risk of financial harm from fraud and, if so what kind of warning should it have provided?*

It isn't in dispute that Mrs G has fallen victim to a cruel scam.

I note Mrs G's representatives more recently suggested as Mrs G allowed T to use remote access that it was likely not Mrs G responding to Revolut's interventions. I am not persuaded by that argument and it's the first time I've seen it. Certainly, the messages I've seen between Mrs G and the scammer contradict this notion. On balance I am persuaded Mrs G authorised these transactions herself.

I note Mrs G's representatives' arguments that Revolut had in place systems to detect the use of remote access software but there is no indication that Revolut detected that Mrs G was using remote access software. So, either Mrs G was not using remote access software whilst interacting with her Revolut account or Revolut's system did not detect the use of

software. Either way though, as Revolut were not obliged to have such a system in place I can't reasonably hold it responsible for such a system not detecting the use of remote access software even if it were being used.

Whilst we now know the circumstances which led Mrs G to make the payments using her newly opened Revolut account and the process by which her money fell into the hands of the fraudster, I am mindful that Revolut had much less information available to it upon which to discern whether any of the payments presented an increased risk that Mrs G might be the victim of a scam.

I am also mindful that there's a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments. Whilst banks and EMIs like Revolut have obligations to be alert to fraud and scams and to act in their customers' best interests, they can't reasonably be involved in every transaction.

The transactions (including the first declined payment) were not scam payments but rather genuine transactions for the genuine purchase - of cryptocurrency for the declined transaction and foreign currency for the card payments. It's not clear what was purchased via the last payment, but I note Mrs G made a payment of \$12,101 on 4 October 2023 into the fake trading account. I not sure whether there was a genuine connection between payee P and T as P appears to be a genuine business. But on balance and overall, it seems to me that the scam happened after genuine purchases by moving genuine currency onto the fake trading platform with T.

Revolut recognised that Mrs G was at risk of financial harm from fraud when she made the first payment and declined the transaction as it considered it suspicious.

Payments two, three and four were made by card. Individually they were relatively low in value – but by the third payment a pattern was emerging. However, these were payments to a genuine merchant where Mrs G bought USD – so they didn't obviously look like a fraud or scam. That said, even if I concluded that in the context of the earlier declined transaction and the quick succession of the subsequent card payments, Revolut ought to have done more (for example by asking a series of questions about the payment purpose) for reasons I will come on to – I'm not persuaded it would have made a difference.

When Mrs G made the fourth payment on 29 September 2023, I consider Revolut should have recognised there was a heightened possibility that the transaction was linked to a scam. By this point there was enough going on that ought to have caused concern. In line with the good industry practice that I've set out above, I think a proportionate response to that risk would have been for Revolut to have attempted to establish the circumstances surrounding the payment before allowing it to debit Mrs G's account. I think it should have done this by, for example, directing Mrs G to its in-app chat to discuss the payment further or by discussing it with her.

#### What did Revolut do to warn Mrs G?

Revolut says that when new payees were set up it provided Mrs G with a warning that said:

*"Do you know and trust this payee?"*

*If you're unsure, don't pay them, as we may not be able to help you get your money back. Remember, fraudsters can impersonate others and we will never ask you to make a payment."*

While I don't discount this warning entirely, it is very general in nature and it's difficult to see how it would resonate with Mrs G or the specific circumstances of the transactions in question. I don't think that providing the warning above in relation to the transfers was a proportionate or sufficiently specific mechanism to deal with the risk that the transfers presented. I think Revolut needed to do more.

Revolut also says that it intervened further when Mrs G attempted to make payments one and five. I have set out what happened on each occasion.

On 8 September 2023 Revolut stopped the transfer and declined it as suspicious.

For the three card payments on 8 September 2023, it sent her a push notification within the app which required her to enter her password. But no scam warnings were given.

For the last payment on 29 September 2023, in addition to the new payee warning, Revolut held the payment and sent a warning '*this transfer can be a scam - our system identified this transfer as risky and put it to pending*'. Mrs G selected continue anyway rather than cancel the payment. Revolut then went on to ask a series of automated questions about the purpose of the transaction.

The following is a summary of what was asked and answered:

*Please answer truthfully*

*If you are being scammed, the fraudster may ask you to hide the real reason for this payment*

***I understand***

*Is anyone telling you how to answer these questions?*

*If someone telling you which options to choose or telling you this is urgent*

***No I am not being assisted through this questionnaire***

*Why are you making this transfer?*

*Will only use this information to help protect your account*

***Buy or rent goods or services***

*What are you buying or renting?*

*This helps us identify your level of risk*

***Buying goods from an online retailer....***

It then went on to ask her details about the online purchase. Mrs G was then presented with a tailored warning appropriate to the purpose selected – which was relevant to the payment purpose she provided.

*If Revolut had provided a warning of the type described, would that have prevented the losses Mrs G suffered?*

Even if I did conclude that Revolut should have done more here, it isn't enough that Revolut failed to act unfairly or unreasonably. Its acts or omissions must be the immediate and effective cause of losses that were reasonably foreseeable at the time of the breach.

I can't know for certain what would have happened if Revolut had questioned Mrs G further about the disputed transaction(s). In such situations, I reach my conclusions on what I find more likely than not to have happened in the circumstances. In other words, I make my

decision based on the balance of probabilities – considering the evidence and wider circumstances of the case.

When Mrs G attempted to make the final payment, Revolut asked Mrs G questions about the transaction and the circumstances surrounding it. The questions Revolut asked were aimed at assessing the risk that Mrs G might be falling victim to a scam. But it's clear that the responses Mrs G gave didn't accurately reflect what was happening, so that Revolut was unable to pick up on any red flags and advise Mrs G appropriately.

Had Mrs G have told Revolut the real nature of the transaction, that she had been advised to open her Revolut account and encouraged to make payments, and that a third party had contacted her, I think Revolut would have had serious concerns and the scam could have been uncovered.

Mrs G has only provided some of the evidence of her chat with the scammer, but I've seen the enough that indicates that when she made the transactions, she was sharing screen shots with the scammer, and they were telling her what to say. I understand that Mrs G was following instructions to ensure the payments were processed, and was under the spell of a scammer, but I can't reasonably conclude that different or better intervention would have made a difference in the particular circumstances of this case.

I'm also mindful that when Mrs G transferred funds from her building society account to her new Revolut account and it intervened to ask her the reasons for the transfers. (To be clear I am not assessing whether this intervention was sufficient or not here) When asked whether anyone had contacted her about 'investments' (in the context of potential cryptocurrency scams) Mrs G told her building society that no-one had contacted her. She also explained the money was for work to the house. It was also clear from the conversation that Mrs G wasn't happy with her building society's intervention/procedures in pausing payments.

So, even if Revolut had done more (for example directing Mrs G to its in-app chat to discuss the payment further), based on Mrs G's responses to the questions Revolut asked her in respect of the payment and the fact Mrs G was being coached by a scammer at the time the transactions were made - I think it likely the scammers would have provided plausible answers to any further intervention.

Overall, whilst I'm very sorry to hear about this cruel scam and the impact it has had on Mrs G, having carefully thought about this, I'm not convinced that any further intervention would have made a difference to Mrs G's decision-making. I therefore can't fairly ask Revolut to reimburse her.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 29 November 2024.

Kathryn Milne  
**Ombudsman**