

The complaint

Mr L complains that Revolut Ltd hasn't refunded him after he fell victim to a scam. And he doesn't think it did enough to help him once the scam was reported.

What happened

The circumstances of this complaint are well-known to both parties, so I'll only summarise key events here.

Mr L was contacted by someone posing as a well-known influencer and investor. This person was offering investment advice and said they could help Mr L. Unfortunately, and unknown to Mr L at the time, he'd been contacted by a scammer.

The scammer explained what Mr L would need to do to become involved in the investment opportunity being presented. This led to Mr L sending a total of \$10,030.02 to an international beneficiary in April 2023.

Mr L quickly realised something was wrong and got in touch with Revolut to report the scam. Revolut then asked Mr L to answer various questions and to provide evidence related to the scam. Mr L did so over the course of several days.

Revolut got back to Mr L and said there was nothing it could do to help. It said it wouldn't refund the payments as they'd been properly authorised, and scam warnings had been given at the time. Revolut also said it had contacted the firm the money had been sent to but hadn't been able to recover anything.

Mr L brought his complaint to our service as he was unhappy with Revolut's response. One of our investigators looked into what had happened and said he couldn't recommend the complaint be upheld.

He didn't believe the activity on Mr L's account had been unusual, taking into account previous payments he'd made. Those payments included thousands of dollars being sent to a cryptocurrency platform over the previous year, with some of those payments being over \$5,000 and as much as \$7,400.

Because of that, our investigator said there was no need for Revolut to intervene and question the payments given there weren't clear signs Mr L was at risk of financial harm through fraud.

Our investigator also considered Revolut's actions in trying to recover the money once the scam was reported. He contacted the various parties involved in the receiving of the payment to obtain as much detail as possible. He said that Revolut ought to have acted more quickly than it did, but the evidence received suggested quicker action wouldn't have led to Mr L's money being recovered.

Mr L was unhappy with the outcome and so the complaint has been passed to me for a final 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'm sorry to hear Mr L has been the victim of such a cruel scam. He's clearly lost a significant amount of money and he's been affected by this greatly. It's then with regret that I have to tell him that I'm not telling Revolut to compensate him for his loss. I'll explain why.

The payments made toward the scam

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 April 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;
- 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.

There's no doubt that the second payment made by Mr L – for \$9,528.51 – was a high value payment. But, considering Mr L's other account activity, it doesn't stand out as particularly unusual. There had been numerous other payments of a similar value. And it appears those other payments were also made in dollars.

More broadly, I can see there has been a history of making transactions to accounts and payees outside of the UK. And so, the sending of funds abroad wasn't unusual. Mr L had stated his intention to make such payments when he opened his account with Revolut too, so it would be fair and reasonable for it to expect such payments as normal account activity.

With these points in mind, and considering Revolut did present some written warnings about paying unknown individuals and the scam risk attached, I'm satisfied Revolut acted fairly and reasonably in allowing the payments to be made.

Attempted recovery of Mr L's funds

I've looked over the chat history where Mr L is reporting the scam to Revolut. It's evident that Mr L was reporting a scam and disclosed key facts of it early; on the same day he was reporting it.

Revolut has said that it wasn't until more than a week later, with the chat having gone back and forth a number of times, that it had all the information it needed to attempt recovery of funds. I don't agree with its position here. I'm satisfied it had enough detail to pursue the funds much sooner than it did.

However, that doesn't mean Mr L should now, fairly and reasonably, receive a refund of his losses. I have to consider whether it's more likely than not he would have had the money returned to him had Revolut acted sooner. And I'm not persuaded that would have been the case.

The payments made by Mr L were sent internationally. As such they don't benefit from some of the protections and expectations of payments made between UK accounts. Generally speaking, it is much harder to have funds sent back from an international payee given they fall outside of UK regulatory control. The receiving firm, or even its customer, might – and regularly does – simply refuse to send the funds back.

In Mr L's case, the receiving firm was contacted, and its response indicates that it wouldn't have returned the money, no matter how quickly it had received a scam report.

It's also true that funds received into an account as part of a scam are withdrawn almost immediately. Even when they are in a UK account, if the funds have been moved on, they can't then be recovered. I can see Mr L first contacted Revolut about the scam around ten hours after the second payment was made. That's likely more than enough time for the scammer to have moved the money on.

I can see it took the receiving firm more than a week to respond to Revolut. It seems more likely than not it would have taken a similar amount of time to react if notified earlier, giving the scammer an even larger window in which to withdraw funds.

And so, whilst I agree with Mr L when he says Revolut ought to have acted more quickly, I don't believe swifter action would have led to a positive outcome for him. I can't then fairly and reasonably say Revolut ought to be responsible for his loss, despite its slow reaction to the scam claim.

My final decision

I don't uphold this complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 19 September 2024.

Ben Murray
Ombudsman