

## The complaint

Mrs I complains that Revolut Ltd ('Revolut') won't reimburse the money she lost when she fell victim to a scam.

## What happened

Mrs I says she saw an advert for an investment with a company I'll call C on social media. She completed a form to express her interest and soon after received a call from a representative of C. The representative said Mrs I could achieve good returns by investing in cryptocurrency and commodities. Mrs I was required to set up a Revolut account and send funds through a cryptocurrency exchange. She was then given access to a trading account.

After making an initial investment Mrs I could see her funds increase and decided to make a larger investment. I have set out in the table below the transactions Mrs I made on the instructions of the scammer to a cryptocurrency provider.

Transaction	Date	Amount
1	24/04/23	£5,000
2	26/04/23	£31,380
Total		<b>£36,380</b>

Representatives of C called Mrs I regularly to provide her with updates on how her investment was doing.

Mrs I didn't know at the time, but the platform was fake and the figures she could see were manually manipulated by scammers. She realised she was the victim of a scam when she was asked for a large sum of money to complete liquidity and money laundering checks and C's representatives became abusive when she refused to pay.

Mrs I complained to Revolut via a professional representative in November 2023. She said Revolut failed to intervene when the transactions were made and that had it done so, the scam would have been uncovered and her loss prevented.

Revolut didn't agree to reimburse Mrs I. It said it provided appropriate scam prevention warnings and Mrs I decided to proceed with the transactions.

Mrs I was unhappy with Revolut's response and brought a complaint to this service.

### *Our investigation so far*

The investigator who considered this complaint didn't recommend that it be upheld. He said that Revolut should have intervened when Mrs I made the second payment of £31,380. This was because it was out of character given its value and the fact it was to a cryptocurrency provider so carried additional risk. But the investigator didn't think intervention by Revolut would have made a difference. He said this because Mrs I didn't give accurate answers to questions asked by her bank about the payment reason, and was clearly being coached by

the scammer. The scammer told her what to say when applying for a loan and when Revolut asked her for a payment reason she chose 'something else' rather than 'investment'.

Mrs I didn't agree with the investigator's findings and asked for a final decision, so her complaint has been passed to me. I have summarised the main points she made below:

- She made large payments that were clearly related to cryptocurrency from a newly created account so there was a clear indication of multi stage fraud. Revolut should have asked questions.
- The investigator has overstated the extent of the coaching Mrs I received from the scammer and his belief she wouldn't have been honest with Revolut is unfounded. Scammers often ask victims to say a loan is for home improvements and the fact that Mrs I lied in a loan application doesn't show she wouldn't have told Revolut the truth. When Mrs I completed the loan application there was no option to choose a cryptocurrency investment.
- Mrs I couldn't have told Revolut the payment was for home improvements as she was paying a cryptocurrency provider.
- There should be a higher degree of scrutiny by Revolut when the 'something else' payment reason is chosen.
- Overall, had Revolut intervened appropriately and used its knowledge of fraud trends the scam would have been uncovered. Revolut would have established that Mrs I found out about the investment opportunity through social media, remote access was involved, her Revolut account was newly set up and this is a common feature of cryptocurrency investment scams, she was guided in how to open a cryptocurrency wallet, and the FCA published a warning in respect of C on 27 June 2023.

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

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.

It isn't in dispute that Mrs I has fallen victim to a cruel scam here, nor that she authorised the payments she made to a cryptocurrency provider. The cryptocurrency she bought was then passed on to wallet details provided by the scammer.

Mrs I opened her Revolut account on 20 March 2023. At the time of opening the account Mrs I said she intended to use it for transfers and cryptocurrency.

On 18 April Mrs I topped up her Revolut with £50 and made a small payment. She then made two transfers into the account before making transaction one in the table above for £5,000. So, at the time this transaction was made, Revolut had very little information about Mrs I's usual account activity.

Revolut provided Mrs I with a new payee 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."*

It then presented Mrs I with a screen that said:

This transfer may be a scam

Our systems identified this transfer highly unusual, and put it on hold.

Your transfer is more unusual than

99.2%

of all Revolut transfers

Mrs I was then shown screens about victims losing millions of pounds each year to scams and another which discussed how professional fraudsters can be. She was then asked to provide a payment reason from a list provided by Revolut. Although there was an investment option and a cryptocurrency option, Mrs I chose 'something else' and was provided with further warnings that advised her not to ignore Revolut's warnings (and that scammers may advise her to do so), and that Revolut won't call and ask her to move her money.

Given that transaction one was to a cryptocurrency provider I think a proportionate response to that risk would have been for Revolut to have provided a written warning tailored to cryptocurrency investment scams, which was the most prevalent cryptocurrency related scam at the time. Such a warning should set out the key features of a cryptocurrency investment scam. I don't consider the generalised new payee warning or the warning that the transaction was risky went far enough.

I've gone on to consider whether a written warning tailored to cryptocurrency scams would have made a difference in this case and resulted in the payment not being made. On balance, I don't think it would. I say this because I consider that Mrs I was acting on the advice of the scammer, as I will discuss below. I also note that Revolut's written scam warning that made it clear there was a high risk of a scam didn't resonate with Mrs I.

Transaction two was for a significant amount and was also to a provider of cryptocurrency. Given the value, the heightened risk posed by payments for cryptocurrency and the fact the account was new, I think Revolut ought fairly and reasonably to have recognised there was a heightened possibility that the transaction was linked to a scam. 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 in more detail the circumstances surrounding the payment before allowing it to debit Mrs I's account. I think it should have done this by, for example, directing Mrs I to its in-app chat to discuss the payment further.

I've thought carefully about whether Revolut could have uncovered the scam if it had intervened as I have set out above. On balance, I'm not persuaded that the spell would have been broken and Mrs I's loss prevented and will explain why.

I have seen an email from the scammer to Mrs I dated 3 April 2023. The scammer said he was sending links to loan company websites. The scammer then said that before Mrs I applied for a loan, they needed to discuss how to do it. He went on to say "For example, you'd say you have no kids, no loans, no mortgage etc. even if you have it. For small amounts they are not checking." Mrs I then applied for two loans through her bank and on each occasion gave the reason as home improvements.

Mrs I then transferred funds from her bank account to her Revolut account. She says the scammer told her to do so as banks refuse to make cryptocurrency transactions. Her bank blocked one transaction (for £1,000 on 24 April 2023) and asked Mrs I some questions about it. Mrs I said the transaction was for home improvements. The investigator asked Mrs I why she said this. Mrs I explained that the scammer told her that banks don't like cryptocurrency so she shouldn't say she was investing in it.

I appreciate that the transactions Mrs I was making from her Revolut account were going to a provider of cryptocurrency so if Mrs I used the home improvement reason again Revolut would know this was incorrect. But, given that Mrs I had invested in cryptocurrency before over a period of around two years (and received credits from a cryptocurrency exchange of £6,440 and £11,680 to her Revolut account) I'm satisfied she could have answered any questions Revolut asked persuasively without revealing that a third party was telling her what to do.

Overall, Mrs I followed the scammer's instructions to take out loans, transfer loan funds to her Revolut account and to lie to her bank about the reason for doing so, so I'm not satisfied she would have been open and honest with Revolut in response to any questions asked, whether via the app or in a call. I don't believe Mrs I would have said that someone was helping her with the investment or that it would have been possible for Revolut to break the spell. In the circumstances, I don't consider intervention by Revolut would have made a difference.

Mrs I's representative has referred to an FCA warning about C. But even if Mrs I disclosed she was investing through C, this warning was first published on 27 June 2023, after she made the scam transactions.

Whilst I'm very sorry to hear about Mrs I's loss, I can't reasonably ask Revolut to reimburse her.

**My final decision**

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs I to accept or reject my decision before 1 January 2025.

Jay Hadfield  
**Ombudsman**