

The complaint

Ms M complains that Revolut Ltd hasn't refunded her after she fell victim to a scam.

What happened

The circumstances of this complaint are well-known to both parties, and so I'll only provide a brief summary of events here.

Ms M received a recommendation for an investment platform from a family member. Having been convinced by the recommendation and what she could find out about the firm behind the investment, Ms M decided to invest. What Ms M and her family members didn't realise at the time was that they were caught up in a scam.

Ms M made a small initial investment of just over £800 and saw the funds credit her online account. She made the payment via her mother. After this, she sent money from her account held with a high street bank to her account with Revolut. From there she sent the funds to an account in the name of an individual. A payment of £9,950 was made on 3 October 2022. A further £3,538.42 was sent on 24 October 2022. She believed it would be invested from there, but it was lost to the scam.

When Ms M realised what had happened, she reported the scam to Revolut. It looked into what had happened but said it wouldn't reimburse Ms M's loss as it didn't believe it had done anything wrong in processing the payments. Ms M was unhappy with that answer and so referred her complaint to our service.

One of our investigators considered the complaint but didn't recommend it be upheld. He acknowledged Ms M had been the innocent victim of a scam but couldn't see that Revolut had acted unfairly or unreasonably. Of particular note, he found Revolut's response to the identifiable scam risk was proportionate, considering the value and nature of the payments. He could see Revolut had given a written scam warning at the time of the first payment and considered that to be enough in the circumstances.

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 disappoint Ms M further, but I'm unable to say her complaint should be upheld. I know she's an innocent victim here. And I don't doubt how much the loss of this money has impacted her, not only financially but emotionally and mentally too. However, I find Revolut has acted fairly and reasonably throughout, so I can't say it needs to compensate or reimburse Ms M.

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 October 2022 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.

I then have to consider whether Revolut's response to the identifiable scam risk was proportionate in the circumstances. I'm satisfied it was.

There's no doubt that the first payment Ms M made toward the scam was for a significant sum of money. But I have to consider how such a payment would have appeared to Revolut. It's important to note that Ms M's Revolut account was new and so there was very limited historical transaction data for Revolut to use to assess a scam risk. There was little to set the payment out as unusual or out of the ordinary for the account.

I can see the stated purpose of the account, given by Ms M at the point it was opened, was 'transfers'. And so the activity was in line with what Revolut was expecting to see on the account. The payment wasn't identifiably being made toward a foreign exchange or cryptocurrency platform. And so there was no reason to suspect the payments were of greater risk, based on the destination account.

I can see that Revolut did give a scam warning, having identified the payment as being suspicious. When it did so, it asked Ms M to provide a payment purpose and she selected 'something else'. She was then given what I think can be fairly described as a fairly generic warning, though it did include a line about being wary of offers that seemed too good to be true (a feature of the investment proposal, given the promised returns). Given the nature of the payment, I'm satisfied this was enough.

There was an option to choose 'investment' for the payment purpose. It's likely Ms M would have seen a more detailed and appropriate warning had she chosen it. That's not to say that I'm blaming Ms M for what happened. But I can see Revolut did have measures in place to try and protect Ms M further.

I do also think there is a question mark over whether Ms M would have reacted differently to a more specific scam warning, given she'd been recommended the investment by family members who had told her they'd received returns. It seems quite possible – likely even – she would have moved past any more detailed warnings in light of that.

Ms M has argued that Revolut ought to have engaged in a greater level of intervention, with a human interaction being necessary. But I don't agree that's the case. For the reasons set out already, I'm persuaded Revolut's response was proportionate to the identifiable scam risk.

The second payment wasn't made until three weeks after the first. There had been no suspicions or concerns raised about the payee in that time. And as the payee had been sent money previously, it would have appeared as more trustworthy to Revolut. That, combined with the fact the second payment was for a lesser value, means Revolut didn't provide warnings or intervene at all. I find that to have been fair and reasonable in the circumstances.

As Revolut followed Ms M's payment instruction, and it reacted suitably to the scam risk, I can't say it ought to bear responsibility for reimbursing Ms M's loss.

In terms of trying to recover Ms M's money, I can see Revolut contacted the receiving bank on 18 December 2023. It responded on 8 January 2024 to say that no funds remained in the account and so nothing could be returned.

It might be argued that Revolut ought to have contacted the receiving bank more quickly. It was notified of the scam but said it needed more details before it could act. I'm not persuaded it necessarily did need anything more than what had been set out in Ms M's initial submissions, but I'm also not persuaded quicker action would have made a difference. I say as much because it had already been several weeks between Ms M sending the money and the scam claim being raised.

We know the money was certainly gone by early January 2024. But given this was a scam, and considering how such scams typically operate, I consider it more likely than not the funds had been moved on much earlier, probably within hours, if not minutes, of them being sent by Ms M. And so the chances of anything being recovered was likely very remote from the beginning.

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 Ms M to accept or reject my decision before 9 October 2024.

Ben Murray
Ombudsman