

The complaint

Mr C complains Revolut Ltd didn't do enough to protect him when he fell victim to a recovery scam.

What happened

Mr C has a Revolut account which he opened in 2023. He has an account with another business – who I'll refer to as "F" through the rest of this decision – who he's banked with for over 25 years.

Mr C says he invested around £100 in cryptocurrency in 2022 and then forgot about it.

Mr C says he was contacted by someone claiming to be from Revolut saying that he now had over £11,000 in cryptocurrency. He says they told him that he'd need to set up a cryptocurrency wallet and make a transfer into that wallet in order to get this money paid back into his Revolut account. In other words, that he'd get his money back by "withdrawal reversal". He was, in fact, speaking to a scammer.

Mr C says he made four payments totalling £24,400 in between 3 and 17 February 2024 from his Revolut account into the wallet in question but didn't get his money back. He took out two loans to help fund these payments. One from F for £15,000 and another from a different bank for £10,000.

Mr C ultimately contacted Revolut – rather than the individual he was speaking with – asking for his money when he didn't get his money back. He says he realised at that point that he'd been scammed. He contacted Revolut and ultimately complained.

Revolut says it contacted the receiving banks involved in an attempt to recover Mr C's money, having told him that he'd been scammed. Revolut says that no funds were available to be retrieved. Revolut also said that its systems had flagged the payments as suspicious – as they were large payments to newly set up beneficiaries – and he'd been given appropriate warnings. Revolut said that Mr C had gone ahead with the payments nevertheless. So, Revolut said that it couldn't refund Mr C. He complained to our service.

One of our investigators looked into Mr C's complaint and having also obtained information from F about the warnings it had given him, said that Revolut couldn't have been expected to do more as Mr C hadn't been honest about the purpose of the payments. So, they didn't uphold the complaint. Mr C wasn't happy with our investigator's recommendation and asked for his complaint to be referred to an ombudsman for a decision. His complaint was, as a result, passed to me.

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.

Last month I issued a detailed provisional decision in which I said I was minded to require

Revolut Ltd to refund 50% of the third and fourth payment Mr C made together with 8% per annum simple interest from the date of payment to the date of settlement.

In my provisional decision I explained why at the time of this complaint I considered it fair and reasonable 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).

I then went on to consider whether the warnings that Revolut had given in this case in relation to the payments Mr C had made were proportionate – there been no dispute that all four payments had been flagged by Revolut's systems as suspicious. I said that I was satisfied that Revolut's warnings in relation to the first and second payments were a proportionate response to the risk the payments presented and that Revolut had no reason to intervene further based on Mr C's response. I did, however, think Revolut could and should have done more when Mr C attempted to make the third and fourth payment he made. In my provisional decision I explained why as follows:

"On 14 February 2024 – before he made his third and fourth payment – Mr C contacted Revolut to report the two payments he'd made on 3 February 2024 that I've just mentioned. I haven't seen the report itself, but it's evident from the chat that Mr C had told Revolut that he thought he'd been scammed and that he'd been asked to download AnyDesk to his computer and had been speaking to someone on WhatsApp claiming to be from Revolut. He told Revolut that "they promised to retrieve £10K bitcoin money if I sent them first £10k and today £5k" and that "they arranged corporate loans". He also mentioned the £100 he'd invested in cryptocurrency 18 months earlier and forgotten about. And that the person he'd been talking to had told him not to tell anybody what the money was for. He sent Revolut screenshots of emails he'd received from the scammer, some of his WhatsApp chat with them and told Revolut that the scammer had given him the details of the accounts into which to make the payments over the phone. In short, he sent Revolut all the evidence it needed to spot that he'd fallen victim to a recover scam. Revolut asked Mr C to report the matter to the police and despite Mr C saying that he didn't have the money to pay back the loans he'd taken out and so could face bankruptcy and lose his home, Revolut's only response was to say "I totally understand your situation. Rest assured that we will do everything to help you." The chat ended at 10:38 on 15 February 2024. I think Revolut should have done a lot more at this stage – explaining to Mr C, for example, how recovery scams worked. Had Revolut done so, given that it's apparent Mr C's confidence in the scammers had been severely shaken at this stage, I think it's more likely than not that he wouldn't have attempted any further payments to the scammers.

Despite what Mr C had just told Revolut, it asked Mr C the same questions it had asked when he'd made the first two payments he made – payments that he'd reported were part of a scam – when he made the third payment. He made that payment only a

couple of hours or so after the earlier chat had ended. And also allowed the payment to go through based on Mr C saying his £4,800 payment was a “wedding gift to my friend”, “sending funds so he can choose where he wants to go”. On this occasion Revolut asked Mr C to take a selfie with a handwritten note confirming that he’d been warned that this was likely a scam”. Once he’d done this, Revolut unlocked the payment so that Mr C could go ahead with the transfer if he chose to do so. He did. He made one more payment – for £9,800 – on 17 February 2024 which he told Revolut was for “furniture for his living room and household items”. Revolut unlocked this payment too.”

I said I thought Revolut should have done a lot more when Mr C originally reported that he’d been scammed. Had Revolut done so, I said I didn’t think Mr C would have made any more payments. I then said:

“Revolut didn’t do that. To make matters worse, given what it already knew, I think Revolut should in any event have questioned Mr C in a lot more detail about the third and fourth payments he wanted to make given everything he’d told them about believing he’d fallen victim to a recovery scam and having no money to repay loans he’d taken out and risking losing his home. The payments would have been suspicious even if Mr C hadn’t reported the fact that he’d been scammed – but the idea that he’d be paying almost £5,000 to a friend as a wedding gift so that they could pay for their honeymoon and almost £10,000 for furniture for his living room when he told Revolut that he had no money to repay loans he’d taken out doesn’t make sense. Had Revolut questioned Mr C in a lot more detail – including asking him why he was making payments having just reported a scam and whether the same person was asking him to make the third and fourth payment – I do think it would have realised that Mr C was still being scammed.”

For those reasons I then said:

“In this case, given that Mr C had already lost some confidence in what the scammers were telling him, I do think that he wouldn’t have gone ahead and made the third and fourth payment had Revolut explained in detail how a recovery scam like the one he was falling for works, and all the hallmarks that he was falling for a scam. In other words, I do think that Revolut missed an opportunity to prevent Mr C from suffering further losses. And, as I’ve also mentioned, I do think Revolut could and should in any event have questioned Mr C in a lot more detail about the third and fourth payments. Had either happened, I don’t think Mr C would have made the third and fourth payment.”

I also said in this case that I thought Mr C should bear some responsibility and explained why I thought a 50% deduction would be fair.

Both parties were invited to comment on my provisional decision. Mr C did. He said that although he felt aggrieved that Revolut will not refund his money, he did think I had been fair and reasonable and that he must accept some responsibility for his loss. Revolut didn’t reply.

Putting things right

Having reconsidered everything, I remain of the view that in this case Revolut should have done more when Mr C reported the scam and that he wouldn’t have made the third and fourth payment had it done so. I, therefore, also remain of the view that Revolut should refund the third and fourth payment having applied a 50% contributory negligence discount.

My final decision

My provisional decision is that I'm upholding this complaint and require Revolut Ltd to refund 50% of the third and fourth payment Mr C made together with 8% per annum simple interest from the date of payment to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 7 October 2024.

Nicolas Atkinson
Ombudsman