

The complaint

Mrs G, via a representative, has complained that Revolut Ltd (“Revolut”) failed to refund the money she lost as part of an investment scam.

What happened

The details of this complaint are well known to both parties, so I will not repeat everything again here. Instead, I will focus on giving the reasons for my decision.

In summary though, Mrs G came across an advert in which a well-known celebrity appeared to be endorsing a company that purported to be a crypto investment firm that I will call B.

Mrs G then made a number of transactions to B via a crypto exchange and via accounts she held with different providers. These transactions from Revolut totalled around £30,000 and were a mixture of card payments, transfers and the sending of crypto. Other funds were sent from accounts with different providers.

After some time, Mrs G realised she had been scammed when she was unable to withdraw her profits without paying additional fees. Mrs G asked Revolut to refund these payments, as she believes Revolut should have done more to prevent her from being scammed in the first place. Revolut did not agree with this.

One of our investigators looked into this matter and she thought that any intervention from Revolut would likely not have stopped the scam. She said this because she believed that Mrs G was being coached by the scammer on what to say if questioned about the payments that she was making. She therefore did not uphold this complaint.

Mrs G did not agree with this and therefore her complaint has been passed to me to issue 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.

Having done so, I agree with the conclusions reached by the investigator for the following reasons.

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. This should be 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, regulatory 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 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); and
- 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.

Firstly, I should explain that the sending of crypto is not a regulated activity. So all I can look at in relation to these transactions is whether Revolut should have intervened when Mrs G added funds to her account in relation to these transactions, or when the conversion from Fiat currencies to crypto took place. As both parties have been made aware of this and neither have disagreed, I will not go into further details about why this is the case.

Revolut did provide Mrs G with general warnings about some of the transfers. These warnings were limited essentially to asking Mrs G to check the details of the payments. I don’t think that these warnings were enough, and I think that Revolut should have intervened more than it did. I think an appropriate intervention would have been a written warning setting out the general features of crypto scams when Mrs G made her third transaction (a card payment of £4,000 to a crypto exchange) and a human intervention when Mrs G made her fifth transaction (a conversion of £5,000 into crypto). This is based on the size and pattern of the transactions in question.

But I don’t think that this would have stopped the scam. I say this for the following reasons.

In relation to a general crypto warning, I don’t think that this would have stopped the scam as Mrs G seems to have been aware that what she was doing had the hallmarks of a scam. I say this given that her husband warned her that what she was doing seemed like a scam, and yet she still continued. And by her asking the scammer on a number of occasions how to answer questions from the various financial institutions that she held accounts with.

This indicates that she was aware that if she gave accurate answers as to what she was doing, that her payments might be stopped. Mrs G also mentions in her chats several times that she was provided with a number of scam warnings, and despite that, she continued. So overall I don't think a general crypto warning would have stopped Mrs G from making the payments in question.

It is also clear that Mrs G was under the spell of the scammer, as it appears she did give misleading answers to some of her account providers. Firstly, when questioned by one of her account providers if she was promised large sums of money in return for the transaction, Mrs G said no. When questioned about a different payment, she was asked if anyone had asked her to make the payment and she said no. I should highlight that I do not have copies of these calls, only the summary. But these quotes were listed in the investigator's assessment and they have not been challenged by Mrs G or her representative.

I also can see that a different account provider of Mrs G (a bank) asked her to go to a branch to discuss the payments. It is clear that Mrs G was asked a number of questions as she told the scammer after the visit that "I feel like a criminal". We have not been able to get more details from the bank in question as to what happened in this branch visit, but I find it unlikely that Mrs G was forthcoming about what she was doing, as I don't think the transactions would have been allowed had she been.

So overall, albeit on balance, I think that had Revolut provided a warning or asked further questions about the payments in question, I don't think that Mrs G would have provided accurate answers to any questions asked. I also don't think that a general crypto warning would have stopped Mrs G. Mrs G was clearly aware that what she was doing had the hallmarks of a scam, she was warned by both her husband and various account providers about the possibility of scams and yet she still continued to send money to the scammers.

I also think that had Revolut stopped the payments completely, it seems likely that the scammer would have persuaded Mrs G to send the funds via other means. This is demonstrated by the scammer saying that if there were issues sending funds from one provider to another, they would just send it to a different bank.

Taking everything into consideration, I think that Revolut should have intervened more than it did. But even if it had intervened further, given the circumstances of this complaint, I don't think the scam would have been stopped.

I've also thought about whether Revolut could have done more to recover the funds after Mrs G reported the fraud.

Revolut are under no obligation to refund the money under the Contingent Reimbursement Model (CRM) Code. This is because Revolut are not signatories of the code. I also don't think that the funds could have been recovered by a chargeback, as the money was used to purchase crypto - which she duly received. It was only when she transferred the crypto to the scammers did the loss occur. So I don't think that Revolut could have recovered the funds via other means.

I appreciate this will likely come as a disappointment to Mrs G, and I'm sorry to hear she has been the victim of a cruel scam. However, whilst I have a great deal of sympathy for the situation that Mrs G found herself in, I'm not persuaded that Revolut can fairly or reasonably be held liable for her loss in these circumstances.

My final decision

For the reasons given above, 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 21 February 2025.

Charlie Newton
Ombudsman