

The complaint

Mrs J complains about Revolut Ltd.

She says that Revolut didn't do enough to protect her when she became the victim of a scam and would like it to refund her the money she has lost as a result.

What happened

Mrs J was interested in cryptocurrency and came across a crypto trading school on Google which was seemingly endorsed by some British celebrities.

After registering her interest, Mrs J was contacted and persuaded to set up an account to learn how to trade and was assigned a 'mentor'. Unfortunately, Mrs J had fallen victim to a scam, and lost her money.

Mrs J says that the mentor was friendly and professional and showed her the website and trading platform and educated her on crypto trends and forecasting. She was told to download AnyDesk, and to open an account with Revolut to make some of the payments, while also making payments from her existing accounts with B, and H. Mrs J was also persuaded to cash in a bond she held to make her investments.

The payments I am considering in this decision are two payments of £10,000. Mrs J did make other payments from her account – but these have already been refunded as part of her complaint with B.

Mrs J has made complaints to B, H and Revolut. B has already refunded Mrs J £71,000 of her loss from payments made from her account with it, £55,000 of which passed through her account with Revolut and so don't form part of the loss here – but I have still taken them into consideration when thinking about Mrs J's payment journey through her various accounts.

Revolut didn't uphold her complaint. It said that Mrs J opened the account for the purpose of making crypto investments – and that it showed her warnings about scams too.

Unhappy, Mrs J brought her complaint to this Service. Our Investigator looked into things; but didn't think that the complaint should be upheld. Mrs J asked for an Ombudsman to make a final decision, so the complaint has been 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.

In broad terms, the starting position at law is that banks and other payment service providers (PSP's) are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions

of the customer's account. And I have taken that into account when deciding what's fair and reasonable in this case.

Mrs J authorised the payments in question here – so even though she was tricked into doing so and didn't intend for the money to end up in the hands of a scammer, she is presumed liable in the first instance.

But this isn't the end of the story. As a matter of good industry practice, Revolut should also have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there is a balance to be struck: banks had (and have) obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider having been good industry practice at the time, I consider Revolut should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and 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 banks 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, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.
- 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.

In this case, I need to decide whether Revolut acted fairly and reasonably in its dealings with Mrs J when she authorised payments from her account or whether it could and should have done more before processing them.

Revolut has shown that when Mrs J made her first payment, it showed her a payment warning, followed by some educational stories about scams, which Mrs J dismissed in order to go through with the payment.

Then, when Mrs J made her second payment, this was blocked by Revolut, and she was directed to its in-app chat where it asked her some questions about what she was doing. In this chat, Mrs J was asked if she had been told to ignore any warnings, download any software such as AnyDesk or other remote software, or if she was being pressured to make the payment. But Mrs J withheld this information from Revolut as she had been told to ignore warnings and had downloaded AnyDesk. This payment was then allowed to leave Mrs J's account.

However, while Mrs J didn't tell Revolut everything she should have – I don't think that Revolut went as far as it should have, given the amount of money Mrs J was moving from her account to a known crypto exchange, which Revolut knows carries a higher risk.

I would have expected it to ask her why she was investing in crypto, and what research she had done – including how she came across the investment in the first place. I would also have expected Revolut to have outlined the common features of crypto scams and how they work, but it didn't do so.

I also think that it should have intervened again when Mrs J made further payments to the crypto exchange, as the pattern of spending looked unusual and suspicious and did indicate that Mrs J was at risk of financial harm – however, these payments have already been refunded by B, where the funds originated from.

That said, in order for me to uphold this complaint, I would have to find that a better intervention from Revolut would have stopped Mrs J from making the payments, and I'm afraid I don't think that it would.

I say this because Mrs J's bank H intervened on several occasions about the payments she made from her account with it – and Mrs J also withheld information when it questioned her about what she was doing and why. One particular intervention was very detailed and outlined how crypto scams commonly work – she was also asked if she had been told to lie to the bank, and that if she had, then she was being scammed. Mrs J maintained throughout that no one else was involved – and that she intended to keep the funds in her own crypto wallet. So, I don't think that a better or further intervention would have made a difference in Mrs J wanting to continue with making these payments.

I do understand that Mrs J was under the spell of the scammer – but Revolut wasn't to know this, and it did ask her questions that should have raised alarm bells with her about what she was doing – and H outright explained to her how common scams work, which mirrored what was happening to Mrs J at the time. So, I don't think that there was a possibility that the spell could have been broken.

Mrs J has also shared that she was vulnerable at the time – and was suffering with her health. While I am sorry to hear about her situation, Revolut weren't aware of this at the time, and I don't think this would have been apparent to it during its interactions with it either. So, I can't say that it should have put any extra measures in place or treated her any differently than it did.

I am also satisfied that Revolut did what it could to try and recover Mrs J's money once it was aware of the scam – but by the time she reported what had happened, the money had already left her crypto wallet and been moved to the scammer- so I don't think there was anything else it could have done.

I am very sorry for the situation Mrs J now finds herself in – I know that she has been the victim of a cruel and manipulative scam and has lost a huge amount of money as a result. But this is the fault of the scammer – not Revolut. And I can't ask it to refund her when I don't think that a better intervention would have stopped her from continuing to make the payments.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 17 October 2024.

Claire Pugh
Ombudsman