

The complaint

Ms B complains that Revolut Ltd hasn't protected her from losing money to an investment scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat everything here. In brief summary, Ms B has explained that in May 2023 she made eight payments totalling £10,040 from her Revolut account to buy cryptocurrency which she ultimately lost to an investment scam. All eight payments were made by debit card and were instructed as follows:

Payment number	Date	Amount (£)
1	11 May 2023	1,990
2	18 May 2023	1,300
3	18 May 2023	1,700
4	20 May 2023	150
5	20 May 2023	1,200
6	20 May 2023	1,300
7	22 May 2023	1,200
8	22 May 2023	1,200
Total		10,040

Ms B subsequently realised she'd been scammed and got in touch with Revolut. Ultimately, Revolut didn't reimburse Ms B's lost funds, and Ms B referred her complaint about Revolut to us. As our Investigator couldn't resolve the matter informally, the case has been passed to me for a decision.

I sent Ms B and Revolut my provisional decision on 29 August 2024 explaining why I wasn't minded to uphold this complaint. Ms B's representative replied to say they had no further submissions. Revolut didn't respond to my provisional 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've decided to not uphold this complaint, for the same reasons as I explained in my provisional decision. I've explained my reasons again below.

First, let me say, I don't doubt Ms B has been the victim of a scam here. She has my sympathy. Ultimately, however, Ms B has suffered her loss because of fraudsters, and this doesn't automatically entitle her to a refund from Revolut. It would only be fair for me to tell Revolut to reimburse Ms B her loss (or part of it) if I thought Revolut reasonably ought to have prevented the payments (or some of them) in the first place, or Revolut unreasonably

hindered recovery of the funds after the payments had been made; and if I was satisfied, overall, this was a fair and reasonable outcome.

Prevention

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 May 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.

Ms B had only just opened her account with Revolut on 5 May 2023 (with her first payment, as a result of the scam, being instructed on 11 May 2023). So Ms B didn’t have a material account history for Revolut to tell whether these payments would be unusual or uncharacteristic for the account. But this didn’t absolve Revolut of its responsibilities to appropriately intervene in scam payments. And losses to cryptocurrency investment fraud have recently been such that I would reasonably expect Revolut to recognise from 1 January 2023 that cryptocurrency-related transactions carry an elevated risk of being related to fraud or a scam. So, bearing in mind Ms B’s payments were identifiably cryptocurrency related, I would have expected Revolut to intervene on 18 May 2023, when Ms B instructed two identifiably-cryptocurrency-related payments which, together, totalled £3,000, with both being instructed within a couple of minutes of each other.

What did Revolut do to warn Ms B?

Revolut has explained that:

- It declined numerous attempted card payments by Ms B to crypto exchanges on 18 and 20 May 2023 (these aren't shown in the table above because these payments weren't made because Revolut declined them). For these declined transactions, Ms B would have received push notifications, as well as in-app notifications, explaining that the payments were declined due to their potential high-risk nature.
- It restricted Ms B's account and initiated an in-app chat conversation with her on 19 May 2023.
- It proactively sent Ms B an email on 19 May 2023 with the subject "*Investment scams, and how to spot them*".

What kind of warning should Revolut have provided?

The scam payments instructed on 18 May 2023 totalled £3,000. Bearing in mind what I've said about cryptocurrency-related transactions carrying an elevated risk of being related to fraud or a scam, I think Revolut should have provided Ms B with a tailored written warning, when she instructed payment 4, relevant to cryptocurrency investment scams, tackling some of the key features of the scam. I think, also, that given the number and amount of further transactions Ms B attempted, but Revolut declined, that Revolut was right to initiate an in-app chat with Ms B, and that during this they should have given Ms B a tailored warning on cryptocurrency investment scams.

If Revolut had provided a warning of the type described, would this have prevented any of Ms B's losses from the fourth payment onwards?

The key question here is this. I think Revolut should have provided Ms B with an appropriately tailored warning about cryptocurrency investment scams when she instructed payment 4 and as part of the in-app chat that occurred on 19 May 2023. But am I persuaded this, if it had happened, would have prevented the payments? And, in this case, I'm not persuaded it would have. I say this because:

- It's clear from the WhatsApp messages I've seen that were exchanged between Ms B and the scammer at the time, that Ms B was being coached on how to respond to Revolut's questions. Ms B has said she found the scam convincing, and I understand she was under the spell of the scam and thought things were genuine.
- This resulted in Ms B not being upfront and open with Revolut during the in-app chat. For example, Ms B falsely told Revolut that: she hadn't been advised to create her Revolut account after learning about an investment opportunity advertised on social media (when in fact she had); she wasn't buying cryptocurrency but was instead making an urgent bill payment through the crypto exchange (when in fact the payment was to buy cryptocurrency that she would then send on to the 'investment' with the scammer); she didn't know what a "screen sharing application e.g. AnyDesk" was (when, in fact, Ms B has since told us that the scammer *had* instructed her to download AnyDesk).
- Revolut ought to have been concerned when Ms B said she had an urgent bill payment to pay through the crypto exchange, since that wouldn't have sounded right. Nonetheless, it did tell Ms B that it believed it was highly likely that the transactions

she was attempting to make were part of a scam, and that it had spoken with another customer who attempted very similar transactions to hers which they had confirmed as a scam. It also pressed Ms B on the purpose of the 'urgent bill payment', and Ms B said, *"That is my personal payment"*, and *"I am sorry I am not planning to share my personal details with all respect"*. This was after, earlier in the chat, Ms B expressing her dissatisfaction Revolut's systems were declining her transactions, that this wasn't her problem, and with her frustration growing, she asked to talk to a manager before she took legal actions against Revolut.

- Revolut told Ms B to be aware that scammers are using increasingly sophisticated techniques to gather personal information and convince customers to transfer funds in complex scams, and that if she had any concerns, to not proceed and let it know. It also warned Ms B that if she made the payments, she risked losing them as it might not be able to get them back for her. Ms B said *"Of course I do understand everything that you are saying. But as I told you I am sending money to myself so please do not call me a scam"*. Ms B then wrote down and provided Revolut with a selfie with her holding a note saying, *"Revolut has warned me that this is likely a scam, and are unlikely to recover my funds if I proceed with this transaction"*.
- I totally accept that Ms B likely only engaged with Revolut like this because she was tricked and was under the spell of the scam and the scammer. And I accept it's *possible* that had Revolut given a tailored warning relevant to cryptocurrency investment scams, tackling some of the key features of the scam, Ms B *might* have had doubts and opened up with Revolut. But in this case, given Ms B's messages with the scammer at the time, and the fact she was already prepared to trust the scammer in answering Revolut's questions in order to proceed with the perceived investment, and given the nature of Ms B's interaction, I think it's more likely that, instead, unfortunately, such a warning wouldn't have made a material difference – and that Ms B, like she did, most likely would have proceeded with the payments anyway.
- Although my decision doesn't turn on this, I also note that Revolut has provided evidence that on 19 May 2023 it sent Ms B an email about investment scams and how to spot them – and this specifically points to red flags such as *"Social media adverts offering suspiciously fast and high returns on investments with little to no risk, even if they look like they're endorsed by a well-known celebrity, influencer, or government agency"* and *"You're told to download screen sharing or remote access tools to 'support you' through the investment process. A legitimate financial institution would never ask you to do this"* – which were both relevant to Ms B's circumstances, but she proceeded nonetheless.

I have to be fair. There's a balance to be struck between identifying, and proportionately intervening in, payments that could potentially be fraudulent, and minimising disruption to legitimate payments (allowing customers ready access to their funds). And in the circumstances of this case, I'm not persuaded I can fairly say that even if Revolut had intervened in Ms B's payment instructions as I'd reasonably have expected it to, that this most likely would have prevented the payments.

Recovery

The only potential avenue for recovering these debit card payments (after they were made) would have been via the chargeback scheme. However, I understand Ms B made these payments from her Revolut debit card to the crypto exchange (and not directly to the scammer). This means the merchant here, for chargeback purposes, would be the crypto exchange (and not the scammer). The crypto exchange legitimately provided the services intended, exchanging Ms B's payments into cryptocurrency. The subsequent transfer of the cryptocurrency onto the scammer would not give rise to a valid chargeback claim through Revolut. So I don't think these payments were recoverable through Revolut once they had been made. So I'm not persuaded Revolut unreasonably hindered recovery of the funds.

I'm sorry Ms B was scammed and lost this money. She has my sympathy. However, I can't fairly tell Revolut to reimburse her in circumstances where I'm not persuaded it reasonably ought to have prevented the payments or to have recovered them.

My final decision

For the reasons explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 11 October 2024.

Neil Bridge
Ombudsman