

The complaint

Mr G complains that Revolut Ltd hasn't protected him from losing money to a scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat everything here. In brief summary, Mr G has explained that in March to September 2023 he made 25 payments totalling £94,190.43 from his Revolut account as a result of a cryptocurrency scam. The details of each payment have previously been set out elsewhere, so I won't unnecessarily repeat them here.

Mr G subsequently realised he'd been scammed and got in touch with Revolut. Ultimately, Revolut didn't reimburse Mr G's lost funds, and Mr G referred his 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 Mr G and Revolut my provisional decision on 30 August 2024, explaining why I wasn't intending to uphold this complaint. Now both parties have had fair opportunity to respond, I'm ready to explain my final 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, and in the absence of comments from Mr G and Revolut causing me to change my mind, I've reached the same conclusions as in my provisional decision and for the same reasons. I've decided to not uphold this complaint. I've explained my reasons again below.

First, let me say, I don't doubt Mr G has been the victim of a scam here. He has my sympathy. Ultimately, however, Mr G has suffered his loss because of fraudsters, and this doesn't automatically entitle him to a refund from Revolut. It would only be fair for me to tell Revolut to reimburse Mr G his 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 March to September 2023 (at the time of the relevant payments) 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; (from 31 July 2023 only);
- 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.

However, whilst I think Revolut ought to have recognised that Mr G was at heightened risk of financial harm from fraud when making these payments, I don't think any proportionate intervention by Revolut would likely have prevented Mr G's loss. I say this because:

- Mr G had only just opened his account with Revolut on 22 February 2023. So he 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 Mr G's payments were identifiably cryptocurrency related, I would have expected Revolut to have been on alert. And then when Mr G instructed his first payment (complained about as lost to the scam) of £9,000 on 2 March 2023, I would reasonably expect Revolut to have provided Mr G with a tailored written warning, relevant to cryptocurrency investment scams, tackling some of the key features of the scam.
- In this case, Revolut had already intervened in Mr G's account. For example, it had declined numerous card payments Mr G made for cryptocurrency on 1 March 2023. It also restricted Mr G's account and on 2 March 2023 Mr G had an in-app chat with Revolut about his instructed payment of £9,000 to a crypto exchange who in this decision I'll call "V".
- During this in-app chat, responding to Revolut's questions, Mr G told Revolut that his payment was to his account, which he had access to, with the crypto exchange V; and that he was making the payment to convert his GBP into cryptocurrency so he

could then make a payment in cryptocurrency. He said he hadn't been contacted by anyone asking him to set up his Revolut account or to make the payment, and he hadn't recently downloaded screen sharing software. Revolut told Mr G that it was important that he took his time before making investment decisions, and that scammers often use tactics to trick you into buying cryptocurrencies from fake websites and investment platforms; and scammers were using increasingly sophisticated techniques to gather personal information and convince customers to transfer funds in complex scams. It told Mr G it was important that he did his own research, and asked whether he had conducted any research, and whether he understood what he was investing in. Mr G said, *"Of course I have. I understand what I am doing I have done it before as well"*. Revolut also warned Mr G that if he proceeded with such payments, it couldn't guarantee that it would be able to recover them, and he would risk losing his money. Mr G said okay, and that, *"Guys this is not the first time I am using it. Can you let me finish this transfer I do not have time to stay in the phone chatting for several hours. I take full responsibility of my funds"*.

- The nature of Revolut's intervention could have been better. For example, I understand Revolut declined some further payments Mr G tried to make to crypto exchanges on 20 April 2023. I also understand that on 25 September 2023, when Mr G instructed the final two payments from his Revolut account he lost to the scam (which were push payments), Mr G would have been shown warnings about not making the payments if he didn't know and trust these payees. I also understand that Mr G was consequently asked some questions about these payments before they were allowed through. Mr G answered these questions saying: he understood that if he was being scammed, the fraudster may ask him to hide the real reason for his payment; that he wasn't being assisted by anyone else in how to answer these questions; that the nature of the investment was to earn interest on a savings account; that the opportunity had been discovered through friends or family, and that he had researched the company. Revolut's intervention should probably have gone further than this, particularly in the earlier stages. But I'm not persuaded this likely would have made a difference.
- I say this, not least, because we have been provided with information from a third party, "B", that Mr G also banked with at the time. As well as making payments as a result of the scam from his Revolut account, Mr G also instructed numerous payments in this regard from his account with B. And B has provided information, including recordings of ten telephone conversations it had with Mr G about payments from his account with B that B considered carried a risk of being related to a fraud or scam. During these interactions, Mr G told B that he had opened his Revolut account himself (with no involvement from a third party); he wasn't upfront with B about the true nature of all of his payments from B; and consequently B restricted his account and required that he attend branch to unlock it (and discuss things). We asked Mr G about these things, and he said that he couldn't remember clearly if there was any intervention from B at the time of making the payments (which doesn't seem plausible given there were at least ten telephone conversations, plus Mr G was quite unhappy he was required to visit branch which he told B would be very inconvenient). He later told us instead that the conversation would just have been about whether it was him (rather than someone else) making the payments. However, I am satisfied from the information I've seen from B that in branch B had a "lengthy scam conversation" with Mr G but that Mr G still wanted to proceed with his payments. It seems B had significant concerns about Mr G's payments, or else it wouldn't have required Mr G to attend and discuss things in branch – so I think it's most likely this intervention from B was significant, but still, unfortunately, it didn't prevent Mr G from proceeding with the payments.

- I've seen copies of Mr G's messages with the scammer: AnyDesk is referred to within these chats, such that I'm satisfied this was installed and discussed with the scammer, but Mr G wasn't upfront with Revolut about things.

I have to be fair. And here, whilst I think Revolut's interventions ought to have been better, for the reasons I've explained, I'm not persuaded I can reasonably say that any proportionate intervention from Revolut would likely have prevented Mr G's loss.

Recovery

The only potential avenue for recovery of the debit card payments, after they were made, was via the chargeback scheme. However, Mr G made these payments from his Revolut debit card to crypto exchanges (and not directly to the scammers). This means the merchant here, for chargeback purposes, would be the crypto exchanges (and not the scammers). I understand the crypto exchanges legitimately provided the services intended (which was the transfer of Mr G's money into cryptocurrency). The subsequent transfer of the cryptocurrency onto the scammers from there would not give rise to a valid chargeback claim through Revolut. So I don't think the debit card payments were recoverable through Revolut once they had been made.

With regards to the two bank transfers made on 25 September 2023:

- One of these was for £2,900 to a crypto exchange who in this decision I'll call "C". Mr G seems to have received £2,760.42 of this back on the same day (he's said because this transaction was returned to him). So, at most, it looks like he consequently only "lost" £139.58 of this £2,900 payment, which wouldn't have been available for recovery if it was no longer in his Coinbase account (if he'd sent it onto the scammer).
- Regarding the second of these, I understand Revolut tried to recover this money from the recipient account but was unfortunately told no funds remained. This isn't surprising given Mr G appears to have first notified Revolut in November 2023 that he'd been scammed (some time after the payment), so even if Revolut had acted immediately, I wouldn't reasonably expect these funds to have been recoverable from the recipient account by then.

I'm therefore not persuaded Revolut unreasonably hindered recovery of the funds.

I'm sorry Mr G was scammed and has lost so much money. Naturally, he has my sympathy. But I can't fairly tell Revolut to reimburse him in circumstances where I don't think it reasonably ought to have prevented the payments or to have been able to recover 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 Mr G to accept or reject my decision before 14 October 2024.

Neil Bridge
Ombudsman