

The complaint

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

What happened

On 5 September 2024 I issued my provisional decision on this complaint. I wanted to give the parties a chance to respond before I issued my final decision. That provisional decision forms part of this final decision and is copied below.

"The background to this complaint is well known to both parties, so I won't repeat everything here. In brief summary, Mr B has explained that between November 2021 and September 2022 he made 18 transfers totalling £54,376 from his Revolut account to fund what he thought was a legitimate investment. The payments have been detailed elsewhere, so there's no need for me to repeat the details of each payment here.

Mr B subsequently realised he'd been scammed and got in touch with Revolut. In 2022 Mr B had received credits back from the 'investment' totalling £6,789.19, taking his net loss to £47,486.81. Ultimately, Revolut didn't reimburse Mr B's loss, and Mr B 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.

What I've provisionally 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'm not intending to uphold Mr B's complaint. I'll explain why.

First, let me say, I don't doubt Mr B has been the victim of a scam here. He has my sympathy. Ultimately, however, Mr B 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 B 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, between November 2021 and September 2022, 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.

Mr B had only just opened his account with Revolut on 30 October 2021. So, at the start of Mr B's payments from 6 November 2021, his account didn't yet have a material history in which for Revolut to refer to in assessing whether his payments were unusual or uncharacteristic. I also note that Mr B's first nine payments totalled just £1,176, were spread between 6 and 24 November 2021 (so about two and a half weeks), and were all for relatively low amounts, with the largest of these being for £900. So I don't think Revolut reasonably ought to have been particularly concerned about these first nine payments. I understand that the reason Mr B had given Revolut for the account opening was "spend or save daily". And Revolut has explained that when making a transfer to a new beneficiary, he would have been provided with its standard warning about this, which states "Do you know and trust this payee? If you're unsure, don't pay them, as we may not be able to help you get your money back. Remember, fraudsters can impersonate others, and we will never ask you to make a payment". Bearing in mind what I've said, I don't think this was unreasonable.

But I agree with our Investigator: Mr B's tenth payment was for £19,500 on 6 December 2021; this was for a significant amount indeed, such that I'd reasonably expect Revolut to have paused this payment instruction, pending enquiries with Mr B, to check he wasn't at risk of financial harm from fraud or a scam. Revolut has sent a copy of a screenshot I understand it says Mr B would have seen when he was transferring money to a new beneficiary which said, "Please beware if you've been: (1) Instructed by someone you don't know or have recently met to move money from your account. (2) Told your account is at risk, to move funds to a safe account or to take out a loan. (3) Threatened with additional fines or being arrested. (4) Given an offer that seems too good to be true". It's not clear Mr B would have been presented with this warning when he was making this tenth payment for £19,500 on 6 December 2021, though, as by then, the beneficiary he was paying wasn't a new payee. But in any event, given the nature of this tenth payment, I'm satisfied Revolut's intervention ought to have gone further here, and that a proportionate intervention may have been to direct Mr B to an in-app chat, to discuss the payment further, before it was sent.

However, in this particular case, I don't think any proportionate intervention by Revolut would likely have prevented Mr B's loss. I say this because as a result of the scam, as well as instructing these 18 payments from his Revolut account, Mr B also instructed a further 79 payments totalling over £165,000 from an account he held with a third-party bank who in this decision I'll call "B". Mr B brought a complaint to us about B, as well as Revolut, which we

dealt with at our service separately. This separate case about B was resolved at our service when B made an offer to Mr B, before our Investigator issued an assessment on that case, which Mr B accepted. As part of its business file in that separate (and now resolved) case, B sent us information, including recordings of 16 telephone conversations B had with Mr B about his payments from his account with B that B considered carried a risk of being related to a fraud or scam. And during these interactions, B questioned Mr B about his payments and gave him multiple scam warnings. But Mr B told B during these calls that:

- These payments weren't being made on a whim, nor were they anything to do with a scam. He hadn't been rushed or coerced. There was no remote access software involved. No one had contacted him promising him investment returns. He wasn't doing this 'out of the blue', as a result of solicitation, nor was any third-party broker involved. Instead, he said, he'd been 'doing crypto' for 18 months or so; this was something he was doing for himself; and it'd been pretty successful, and he wanted to continue with it.
- He'd done his due diligence by way of lots of reading and research, as well as talking to friends and family and taking professional advice. A family member had been 'doing crypto' for about four years and they had discussed things. Things had also been successful for a very good friend of his.
- He watched the markets all the time. He understood the context of his payments. He knew who he was paying. He was aware of the risks, he knew it was high risk, he'd gone into it with his eyes open, and he knew that if something went wrong there would only be so much the bank could do. He didn't feel the need to do even more research before making the payments as he was absolutely confident about what he was doing, and he was more than happy to make the payments.
- And on B asking Mr B about the possibility of him losing his money, Mr B said obviously he wouldn't want to, but if he did, it wouldn't be a disaster.

I also note that B intervened in and questioned Mr B so many times about his payments from his account with B that, on 13 October 2021, Mr B told B that he wanted to register a formal complaint about these interventions; he said he understood the first time, but he said this was too much now, and that if he incurred a loss because of difficulty making the payments caused by B, this would put him in a really difficult position – so he said he wanted B to change its systems to prevent any future payments being blocked.

I have to be fair. Given the nature, amount and substance of Mr B's interactions with B, which spanned October 2021 to July 2022, whilst I think Revolut's intervention when Mr B instructed his tenth payment ought to have been better, I'm not persuaded I can reasonably say any proportionate intervention from Revolut would likely have prevented Mr B's loss. I note, in particular, that Mr B told B on numerous occasions that no third-party broker was involved, and that he absolutely knew what he was doing and had done his research. And I can't imagine a reasonable and realistic scenario whereby it would have been likely that Revolut would have been able to uncover the scam and prevent Mr B from making his payments from his Revolut account that he lost to the scam, given the evidence I've seen. Based on the extent of Mr B's interactions with B, it seems most likely to me, that if Revolut had pressed Mr B on any of his payment instructions, he would simply have replied in similar fashion as he did with B. Such that I'm not persuaded I can fairly say here that Revolut, even if it had intervened proportionately, would likely have been able to prevent Mr B's loss.

Recovery

After the payments were made, I couldn't reasonably expect Revolut to have done anything further until Mr B notified it of the scam. But I note here that the payments were sent from Mr B's Revolut account to his account with a legitimate crypto exchange, from where Mr B then moved the funds onto the scammers. As the payments were made to an account Mr B owned and controlled (but they'd already been sent on from there to the scammers), I'm satisfied there's nothing Revolut could've reasonably done to recover the funds. So I'm satisfied I can't say Revolut unreasonably hindered recovery of the funds.

I'm sorry Mr B 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 been able to prevent the payments or to have been able to recover them.

My provisional decision

For the reasons explained, I'm not intending to uphold this complaint."

Revolut didn't respond to my provisional decision. Mr B's representative, acting on his behalf, disagreed with my provisional decision and said, in summary, that:

- It recognises payments 1 to 9 were relatively low value and wouldn't have warranted intervention. But the payment for £19,500 on 6 December 2021 was a natural point for intervention, and at this point robust intervention, and human interaction, was warranted from Revolut. A payment of £19,500 to a high-risk recipient associated with cryptocurrency should have prompted Revolut to stop the account and prevent further transactions until it was confident it understood Mr B's intentions.
- Revolut's failings in this case should warrant it taking at least partial responsibility from the payment of £19,500 onwards. It understands a third-party bank intervened, but that third-party bank assessed its own performance and found it necessary to offer a 50% settlement. It views this as an indicator the third-party bank realised it failed to protect Mr B adequately, and it doesn't think it's fair or reasonable to absolve Revolut of all responsibility just because the third-party bank intervened ineffectively.

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.

I've considered Mr B's representative's response to my provisional decision, but the points it has made don't persuade me to reach a different conclusion.

I explained in my provisional decision why I thought Revolut ought to have intervened further before it allowed Mr B's payment for £19,500 on 6 December 2021 to debit his account. But this isn't enough by itself to uphold this complaint – I'd need to be satisfied that appropriate intervention from Revolut would most likely have prevented Mr B's loss. I explained in my provisional decision why I don't think any proportionate intervention from Revolut would likely have prevented Mr B's loss, and I have nothing to add to what I already said about this. I also haven't found what Mr B's representative has said about the third-party bank's offer to be a persuasive reason why I should reconsider my decision. I understand the third-party bank, "B", offered a 50% settlement to Mr B, and that's good. But there are many reasons why B may have chosen to do that. What I've had to decide here, based on all the available evidence and arguments, is whether I think intervention from Revolut would likely have prevented Mr B's loss – and for the reasons explained, I'm not persuaded it would have done.

This means I haven't been persuaded to depart from my provisional decision. And having reviewed everything again, I've reached the same conclusions as in my provisional decision and for the same reasons.

I'm sorry Mr B was scammed and has lost so much money. Naturally, he has my sympathy. But I can't fairly tell Revolut, given the circumstances of this case and surrounding evidence, to reimburse him in circumstances where I don't think it reasonably ought to have been able to prevent 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 B to accept or reject my decision before 18 October 2024.

Neil Bridge
Ombudsman