

The complaint

Mrs N complains that Revolut Ltd won't refund money she lost when she fell victim to an investment scam.

Mrs N is being represented by solicitors in this complaint.

What happened

The detailed background to this complaint is well-known to the parties and has been previously set out by our investigator.

Briefly, Mrs N fell victim to a cryptocurrency investment scam in March 2023. She was tricked into parting with around £23,000 funds in connection to what she thought was an investment opportunity. But it turned out to be a scam.

At the time of reporting the scam to Revolut, Mrs N said that while she transferred funds into her Revolut account, she was unaware of the payments leaving the account. Revolut declined Mrs N's request for a refund. It said the card payments were approved through additional authentication through its app, and she ignored the warnings it provided at the time of setting up new payees for the transfers.

Our investigator concluded that the transactions were authorised, but Revolut should have identified that Mrs N was at the risk of financial harm when she authorised the third disputed payment. They considered that a proportionate response to the risk that the transaction presented would have been for a direct or human intervention by Revolut to make further enquiries about the payment. And had that happened, the investigator was persuaded that the scam would have been uncovered – they explained there was no indication that Mrs N would have not been honest about the purpose of the payment. So, they made a recommendation to Revolut to refund Mrs N all the payments starting from the third payment making a 50% deduction for her role in what happened.

Mrs N accepted the investigator's findings, but Revolut didn't. The complaint was passed to me for a decision, and I wrote to Mrs N's representative informally. I said I didn't intend upholding the complaint. In summary, I gave reasons for why I was also satisfied that the disputed transactions were authorised by Mrs N. But in relation to fraud prevention, I didn't consider the risk that third transaction presented warranted a direct intervention like the investigator had suggested. Instead, I thought a more proportionate response would have been for Revolut to have provided a written warning about cryptocurrency scams (seeing as the transaction was identifiably cryptocurrency-related). But I wasn't persuaded that this would have stopped Mrs N in her tracks as having reviewed the available information it didn't strike to me that she was engaged with the information she was being asked or shown by Revolut – she was being guided by the scammer.

I also noted that when Revolut took additional steps during a subsequent transaction – not identifiably cryptocurrency-related – that had flagged, and Mrs N indicated safe account as the reason for the payment, it ought to have done more than just provide an automated

scam warning. But, on balance, I wasn't convinced that it would have been able to identify the true purpose of the payment.

Mrs N's representative has asked for a formal decision. In summary, the representative has said:

- the scammer could have influenced the authorisation process.
- the third transaction was identical in value to the earlier transactions and the mere provision of written warnings may not be sufficient in such scenarios.
- Revolut's failure to appropriately intervene when the 'safe account' option was selected is concerning. But the assumption that Mrs N would not have engaged with Revolut's agent had it carried out a direct intervention is speculative. A direct conversation could have revealed the scam's nature.

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 thank Mrs N's representative for their comments in response to my informal correspondence. I've carefully considered the points that have been raised but they haven't persuaded me to depart from the outcome I previously communicated. I'll explain why.

I previously explained to Mrs N's representative that while I accept it's likely that the scammer initiated the card payments on the cryptocurrency platforms, the technical evidence shows the payments went through additional verification and were approved via the Revolut app on Mrs N's phone. I said it's unclear how a third party could have completed that step if the phone was in her possession. I also explained that Revolut has told our service that when these payments (both card transactions and transfers) were made, certain screens – including the additional verification screen – appeared blank if remote access software was also in use. So, I didn't think it likely that the scammer could have approved the payments in that way.

The representative submits that the scammer could have influenced the authorisation process. That may very well be the case, but for the reasons previously given under the Payment Service Regulations 2017 the transactions would still be considered authorised.

Although Mrs N told Revolut that she only transferred money into the account and didn't realise it kept disappearing, reviewing her chat correspondence with it, she also told Revolut that the scammer said the money needed to be in her trading account. And, having reviewed the limited chat correspondence with the scammer that is available, I can see that there was a discussion about the movements on her trading account.

So, even though I accept it's possible that the scammer took the steps to make the payments, I'm satisfied, on balance, that Mrs N approved them and knew what they were for. Therefore, the transactions would be considered authorised. I accept that Mrs N approved the payments as part of a scam. But based on the steps she took, I'm persuaded that she did authorise them.

Having taken into account longstanding regulatory expectations and requirements, and what I consider to be good industry practice, I agree Revolut ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

Arguably, Revolut should have taken additional steps when the third transaction was authorised. I've reviewed Mrs N's representative comments regarding why they believe a direct intervention was warranted at the time. This was a newly opened account and the previous transactions being disputed, while identical in value, were made five days apart. I acknowledge that the third transaction was identifiably cryptocurrency related. But that in and of itself doesn't mean that a proportionate intervention should involve a direct intervention. Considering when the transaction was made, how it was made, the value, and the destination, I remain of the view that a more proportionate response to the risk identified would have been for Revolut to have provided a written warning about cryptocurrency investment scams.

But had Revolut provided such a warning, on the balance of probabilities, I'm still not persuaded that it would have stopped Mrs N in her tracks. I say this because based on what she's told Revolut and our service, it appears that she was being guided by the scammer in completing the steps to make the payments, such as approving the card payments and selecting the payment purpose for the faster payments. It doesn't strike to me that she was engaged with the information she was being asked for or shown by Revolut. In the circumstances, I'm not convinced that a written scam warning at the time of the third transaction would have resonated with Mrs N such that she would have decided not to go ahead.

In relation to the subsequent transaction that did flag as suspicious on Revolut's systems, and 'safe account' was selected as the payment purpose, I asked Mrs N's representative to find out why she selected the option she did. I can't see that this question was answered in the representative's response. Although I can't say for certain, it might be that Mrs N didn't review the list of options she was presented with and possibly went with the first one off the list (which was 'safe account'). Or it could be that the scammer guided her to select that option.

Regardless, Revolut ought to have been concerned by that selection, given safe account scams are very common and it's rarely a legitimate reason for sending money to another account. In the circumstances, I agree that Revolut should have attempted to establish the circumstances surrounding the transaction before allowing it to debit Mrs N's account. I think it should have done this by, for example, directing her to its in-app chat to discuss the payment further.

But had it done so, I can't safely conclude that Mrs N would have engaged with Revolut such that the scam would have come to light. I've not seen the full chat with the scammer. I appreciate Mrs N has said she deleted the chat messages after reporting the matter to Revolut, but she didn't provide the full chat scam to Revolut either.

As Mrs N can't recall approving several card payments on the Revolut app on her phone, and quite possibly can't recall why she selected 'safe account' either, I think it's likely she wasn't engaging with Revolut at the time of the payments and was simply following the scammer's guidance. In that scenario, I think it's more likely that she would have also been coached on how to respond to Revolut if an agent had probed her about the payment purpose selection. On balance, I'm not convinced that Revolut would have been able to identify the true purpose of the payment.

Mrs N's representative has said that this finding is speculative. But where the evidence is incomplete or there's a discrepancy in what the parties have said, I must make my decision based on what I think is more likely than not to have happened. Based on the information available to me, I think it's more likely than not that Revolut wouldn't have been able to prevent the payments Mrs N now disputes. Other than claiming that a direct conversation

could have revealed the scam's nature, her representative hasn't put forward any reasons for why it believes to be the more likely outcome. In the absence of any reasons, I remain persuaded that it's unlikely Revolut could have prevented Mrs N's losses.

I've also thought about whether Revolut could have done more to recover the funds once it became aware of the situation. But recovery is unlikely to have been successful given Mrs N purchased cryptocurrency which was then sent on to the scammers. Specifically for the card payments, a chargeback wouldn't have been successful as the merchant would likely have been able to evidence that services requested, i.e., conversion of fiat money into cryptocurrency, had been rendered.

I fully acknowledge that there's a considerable amount of money involved here. I recognise that this is not the outcome Mrs N would have been expecting. Particularly given that the investigator upheld the complaint. Despite my natural sympathy for the situation in which Mrs N finds herself, for the reasons given, it wouldn't be fair of me to hold Revolut responsible for her loss.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 10 April 2025.

Gagandeep Singh
Ombudsman