

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

Mrs N says that in February 2022 she received an email about making money by investing in cryptocurrency. She looked into the opportunity and left her contact details and was subsequently contacted by a representative of a firm "T". They persuaded Mrs N to invest. It's not entirely clear what information Mrs N was given at the time that made her decide to go ahead.

Mrs N started with an initial refundable registration fee and was allocated an account manager who assisted her with making deposits into her investment account with T. Under their instructions, Mrs N also opened an account with Revolut and, between February and May 2022, she transferred money into it from her account with a high street bank "N". Her Revolut debit card was then used to send funds – in pounds sterling and euros – to cryptocurrency exchanges for conversion into cryptocurrency, which she understood was then deposited in her account with T. Mrs N subsequently discovered her account with T didn't exist and the cryptocurrency had gone into the scammer's wallet.

The following transactions, which total around £470,000 are relevant to this complaint –

	Transaction date and time	Amount
	23 February 12:18 pm	£0.06 (<i>reverted</i>)
1	23 February 12:20 pm	£1,760.28
2	23 February 1:40 pm	£4,743.20
3	28 February 1:36 pm	£8,769.85
4	1 March 9:50 am	€11,100.00
5	1 March 2:12 pm	€11,500.00
6	2 March 1:45 pm	£8,687.59
7	3 March 8:54 am	€12,800.00
8	7 March 10:33 am	€11,300.00
9	7 March 1:50pm	£8,611.63
10	8 March 8:26 am	€11,000.00
11	9 March 7:48 am	€11,400.00
	10 March 12:53 pm	£8,493.87 (<i>declined</i>)
12	10 March 1:00 pm	£4,026.27
13	10 March 1:01 pm	£4,228.07
14	11 March 7:58 am	€11,700
15	14 March 2:12 pm	£8,726.31
16	14 March 2:21 pm	€11,300
17	15 March 7:52 am	€20,000
18	16 March 7:52 am	€20,000

19	17 March 8:05 am	€20,000
20	18 March 7:57 am	£7,982.35
21	21 March 8:34 am	€20,000
22	22 March 8:20 am	£9,279.01
23	22 March 8:26 am	€13,900
24	23 March 8:14 am	€20,000
25	24 March 8:04 am	€20,000
26	25 March 8:19 am	£8,221.82
27	25 March 8:25 am	€15,800.00
28	29 March 6:42 am	€20,000.00
29	30 March 7:10 am	£9,530.37
30	30 March 7:16 am	€13,000.00
31	31 March 6:50 am	€9,200.00
32	1 April 8:31 am	£8,495.02
33	1 April 8:36 am	€8,150.00
34	7 April 6:45 am	£9,535.68
35	8 April 8:36 am	£6,853.77
36	8 April 9:25 am	€20,000.00
37	18 April 7:25 am	£14,403.82
38	25 April 7:31 am	£18,023.00
39	2 May 7:38 am	£7,729.20
40	2 May 2:08 pm	£10,291.45

Through her representative, Mrs N complained to Revolut in September 2022. It refused to refund her loss and said it hadn't acted unfairly in executing her authorised instructions.

Our investigator upheld the complaint. They thought the second successful transaction on 23 February (see above table) ought to have flagged as unusual to Revolut. Had it intervened, the investigator believed Mrs N would have disclosed the full story and an appropriate warning from Revolut would have stopped her in her tracks. The investigator recommended Revolut to refund all the transactions Mrs N made from that point onwards in full along with interest.

Mrs N agreed with the investigator's findings, but Revolut didn't. In summary, it said the fraud didn't take place from Mrs N's Revolut account given the funds were sent to her accounts held with legitimate cryptocurrency exchange. They were lost to the scammer from there.

I issued my provisional decision in August 2024, setting out reasons for why I didn't intend upholding the complaint. I said –

“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 be good industry practice at the time, I consider it fair and reasonable in February 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.*

EMIs are set up with the purpose of sending and receiving money and the type of payments they're generally used for tends to be somewhat different to banks and building societies. Often, the payments will be for larger sums. Where there's no previous account history, as was the case here, what should reasonably strike Revolut as concerning for a first payment isn't down solely to the transaction amount involved.

I haven't seen any other factors at play here such that, in my view, Revolut should have been concerned and ought to have questioned Mrs N when she authorised the first disputed transaction of £1,760.28 on 23 February. I acknowledge that Mrs N was sending money to a cryptocurrency exchange. But that in and of itself doesn't mean that the transaction ought to have flagged as suspicious. Buying cryptocurrency is a legitimate exercise.

The investigator's view was that the next transaction – £4,743.20 also on the same day – ought to have triggered Revolut's fraud detection systems given the increased frequency in transaction and the amounts being authorised. The investigator didn't specifically set out what kind of intervention they would have expected from Revolut at the time but reviewing their findings it seems they thought a direct "human" intervention was warranted. However, these transactions occurred in early 2022. And the landscape of fraud and scams has evolved over time. So, I must consider what was a proportionate intervention under these circumstances at that time.

To be clear, I agree with the investigator that an unusual pattern had emerged by the time Mrs N authorised the transaction in question. As they noted, there had been a spike in activity, with multiple payments to the same payee over a short period of time. I also think that Revolut should have taken additional steps. I consider that a proportionate response at the time of payment 2 would have been for Revolut to have provided a written warning that broadly covered general scam risks.

But had it done so, I'm not persuaded that Mrs N would have stopped in her tracks. I say this because just two days prior, a transaction she had authorised from her account with bank N had flagged as suspicious. I've listened to the recording of the call Mrs N had with the bank. The adviser made enquiries before providing a general scam warning. But Mrs N told N to make the payment anyway. Given this, I'm not persuaded a general scam warning by Revolut at the time of payment 2 – which was only a couple of days after N's intervention – would have stopped her from going ahead with it.

I would have expected a similar intervention by Revolut when Mrs N authorised payment 3 five days later. But much for the same reasons as above, I think its unlikely to have stopped Mrs N from going ahead with the payment.

But when Mrs N authorised payment 4 for €11,100 the following day, Revolut ought to have recognised that it carried a heightened risk of financial harm from fraud. This is because a pattern of increased activity on cryptocurrency spending had emerged. And there was a significant jump in the amounts involved – with over £16,000 being sent in less than 24 hours. Investment scams involving cryptocurrency were on the rise. So, I consider Revolut should have taken additional steps when it received Mrs N's instruction to satisfy itself that everything was above board.

In this instance, I think that a proportionate response to that risk would have been for Revolut to have gone even beyond the provision of an automated warning and to have carried out a direct intervention. It could have, for instance, directed Mrs N into the in-app chat for an agent to make further enquiries and, if appropriate, provide a warning tailored to her circumstances. But, had Revolut done so, I'm not persuaded that it would have prevented Mrs N's loss. I'll explain why.

N spoke to Mrs N a few times on 2 and 3 March when transfers to Revolut flagged as suspicious. I've listened to the call recordings from the time. On 2 March, Mrs N reassured N that no one had told her to set up the Revolut account. On 3 March, in the first call, Mrs N was questioned why she was moving funds in chunks, and she said she was getting extension work done to her home and didn't know how much money she would require. The adviser had noticed that remote access software had been installed on Mrs N's computer and asked her about it. Mrs N said a friend of hers had been helping her with something. The adviser told Mrs N that they were concerned and asked her to visit her local branch with evidence to support the payment before it could be released.

Later that same day, Mrs N phoned N's fraud team from the branch after having shown the required evidence to the branch staff. Remote access software was probed further, and Mrs N said a friend of hers was helping her with something as she wasn't savvy. She reassured N that she'd met this friend in person and knew them very well. When asked about the attempted transaction, Mrs N said she was purchasing goods – but that she was also buying cryptocurrency. When questioned further, Mrs N confirmed that that it was she who had asked for her friend's help with this.

When a further transaction was flagged by N a few weeks later, Mrs N was also asked and reassured the bank that no one had asked her to move the money or buy cryptocurrency. She also told N that no one had told her to lie to the bank.

Having thought carefully about Mrs N's responses to N when it questioned her on multiple occasions, I've noted that she wasn't forthcoming about the true purpose of the transactions. While Mrs N did mention she was purchasing cryptocurrency on at least two occasions, despite her representative claiming that she was advised not to mention that if questioned, she did also mislead the bank by saying part of the money was also going to be used for home improvements. When asked about third-party involvement in relation to the cryptocurrency purchase, Mrs N wasn't honest when she said no one else was involved. Regarding granting remote access, Mrs N reassured N that she had asked a friend for help as she wasn't good with technology.

Ultimately, I can't say for certain how Mrs N would have responded to Revolut's enquiries. In such circumstances, I need to make my decision on the balance of probabilities. In other words, what I consider to be more likely than not Mrs N's response based on the information that is available. What I have is contemporaneous evidence of her misleading another business – with whom she had a longer relationship with – when questioned over the phone multiple times. Mrs N's answers suggest she was willing to mislead her bank – either because she had been coached or out of her own volition.

I appreciate that Mrs N's representative believes a further intervention by Revolut would have had a different impact. But I'm not convinced. But given how the intervention played out when N intervened multiple times and spoke to Mrs N over the phone, on balance, I'm not persuaded that she would have responded differently had Revolut directed her to its in-app chat and made enquiries when she authorised payment 4.

What this means is that had Revolut taken additional steps and questioned Mrs N when she authorised payment 4, or arguably during some of the later transactions before spending to that merchant appeared as usual account activity, I'm not convinced that she would have responded honestly like the investigator concluded such that it would have immediately recognised she was falling victim to a scam.

I've also thought about whether Revolut could have done more to recover the funds once it became aware of the situation. These were debit card payments, so the recovery avenue would have been limited to chargeback. But Mrs N's payments went to a cryptocurrency exchange. She wouldn't be able to make a successful chargeback claim in the circumstances because the merchant she paid did provide the service requested (i.e., conversion of fiat money into cryptocurrency). For completeness, Revolut couldn't attempt a chargeback against any other party (i.e., the scammer).

In summary, I know that Mrs N will be disappointed with this outcome. Not least because the matter has been ongoing for some time and our investigator previously upheld her complaint. I fully acknowledge that Mrs N has lost a considerable sum of money and this incident has impacted her wellbeing. Despite my natural sympathy for the situation in which she finds herself, for the reasons given, it wouldn't be fair of me to hold Revolut responsible for her loss."

I invited further comments from both parties.

Revolut hasn't replied and the deadline I gave has since passed. I've therefore assumed it has nothing further to add.

Mrs N's representative disagrees with my provisional decision and has asked that I reconsider the outcome. In summary, the representative states –

- payment 2 is an accurate trigger point for human scam intervention.
- it doesn't accept that Revolut wouldn't have been able to 'break' the scam given the payee information available to it and in light of the questioning provided by N at the time.
- Mrs N didn't receive any scam education about crypto investment scams and as such it is wrong to assert that effective warnings from Revolut would not have had a positive impact on her.

- The warnings provided during calls with N wasn't "general" – it was directly related to impersonation scams which have no bearing on this investment scam.
- No one told Mrs N to make payments from her account with N – she wanted to payments – so it's wrong to assume that she was told to make payments at the time of the call (specifically the call on 2 March 2022).
- N failed to pick up on the vital information that Mrs N was purchasing cryptocurrency.
- During the second call on 3 March 2022, Mrs N told N that remote access software was active on her computer, that someone she trusted was helping her and that she was going to use the money to buy cryptocurrency. She met a reasonable standard of accuracy during the call and so should not fairly be held liable when she told important truths to bank N.
- Mrs N didn't mislead N regarding the payment purpose as in none of the calls does she mention home improvements.
- No adviser asked her about third party involvement.
- My decision is wholly unfair to Mrs N given the initial positive outcome given by the investigate nearly 17 months ago.

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 response to my provisional decision. I've carefully considered their comments, but I haven't been persuaded to change my outcome. I know this will be disappointing news. But I'll explain why.

Mrs N's representative argues that the view that for a Revolut account, sending over £6,500 in one hour to a cryptocurrency-based payee, across multiple transfers increasing in value would cause no concern to Revolut is unfair and unreasonable. But that's not an accurate summary of my findings in my provisional decision. I never said the first two payments shouldn't have given Revolut cause for concern. In fact, in relation to the second transaction – which took the total to over £6,500 – I said, *"I agree with the investigator that an unusual pattern had emerged by the time Mrs N authorised the transaction in question. As they noted, there had been a spike in activity, with multiple payments to the same payee over a short period of time."*

I appreciate Mrs N's representative believes that a proportionate intervention at that time ought to have been a human intervention. But I've previously explained why I consider a written warning broadly covering general scam risks to be a proportionate step to the risk identified at that time. The representative hasn't put forward anything new for me to consider in relation to this point. So, I remain satisfied with my previous findings.

Regarding the payment purpose, during the first call with N on 3 March 2022, when asked about recent movement of funds between her accounts with N first and then external payments to Revolut, Mrs N tells the agent that she's doing 'some extensions' to her home. She also mentions 'double glazing' in her response. I agree that she doesn't specifically say home improvements – that was my summary of her response. Regardless, that response does suggest making home improvements. But we know that wasn't the true purpose of the payments.

In the second call that day, Mrs N says the payment is "for goods and I'm buying some cryptocurrency" (my emphasis). That is not the same as saying the payment is for goods which in this case happens to be cryptocurrency. Especially, in light of Mrs N's response in the earlier call.

During the same call, when explaining that remote access software was installed because a friend was helping her, Mrs N also tells the adviser that she has met this friend in person and knows them very well. If, as her representative suggests, Mrs N was referring to the scammer, then she wasn't being truthful considering she hadn't met them in person.

Given the above, I remain of the view that Mrs N misled N when she questioned. To clarify, in my provisional decision, I didn't say that Mrs N misled N in every single call. But the examples I've pulled out from the calls on 3 March give an indication of Mrs N's likely response had Revolut questioned her a couple of days prior at the suggested trigger point for a direct intervention. It's not clear whether Mrs N was coached by the scammer on how to answer questions or whether she answered them the way she did on her own volition.

I accept the representative's point that Revolut had more information than N regarding the merchant being paid, considering payments from N went to Mrs N's account with Revolut. So, it would have been able to tell that the payments were identifiably cryptocurrency related. But it's not unreasonable to assume that the scammer would likely have provided a different cover story to Mrs N, knowing very well that Revolut would have been able to tell that the transaction was identifiably cryptocurrency related. If it's the case that Mrs N wasn't coached by the scammer but misled N on her own volition, then it's equally possible that she could have done the same in response to an intervention by Revolut.

My role when deciding this case is to make a decision on the balance of probabilities. On balance, I'm more persuaded that Mrs N wouldn't have been forthcoming about the purpose of the payments had Revolut questioned her. Even in her response to N, after she mentioned she was also buying cryptocurrency, Mrs N said she was doing it on her own and said no when asked if anyone had told her that she would receive 'benefits'.

On the subject of N's warnings, I think it's important to clarify that my reference to Mrs N's interaction with N was to highlight her responses to its questions when payments flagged. The complaint I'm deciding is about Revolut, not N. I haven't commented or made a finding on the quality of N's intervention, which is what Mrs N's representative has focused on. That said, I appreciate the point they are trying to make, and I accept that the warnings didn't refer to investments. But the warnings did mention features which are common with investment scams, such as the involvement of remote access software as well as third parties – there was a question about another party asking her to make the payments. Also, in the call dated 21 March 2022, which was several weeks later, Mrs N was also asked if anyone had told her to lie to the bank.

One or more of these questions ought to have resonated with Mrs N. As it didn't, I'm not persuaded that Mrs N would have acted any differently had Revolut provided a warning tailored to her circumstances.

I can see Mrs N's representative has queried the different outcome reached on Mrs N's complaint about a third business which she also sent scam payments from and which our investigator upheld. Mrs N's representative has questioned why N hasn't been held to the same level of expectation as the other business. My role is to decide the merits of the case before me. While I don't know why the investigator reviewing Mrs N's complaint about another business reached the outcome that they did – it was accepted by both parties and resolved accordingly – I've explained my reasons, here and in my provisional decision, for my findings on this complaint about Revolut.

In summary, I'm sorry to disappoint Mrs N. It's not in dispute that she fell victim to such a cruel scam. But I have to consider whether Revolut could have prevented the scam from happening. Having reconsidered her complaint in light of the response received to my provisional decision, as set out above, it wouldn't be fair of me to hold Revolut liable for her

losses.

My final decision

For the reasons given above, and in my provisional decision, 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 28 October 2024.

Gagandeep Singh
Ombudsman