

The complaint

Mrs J complains that Revolut Ltd won't refund the money she lost when she was the victim of a scam.

What happened

In July 2022, Mrs J saw an advert online for a cryptocurrency investment company. She completed an enquiry form and then received a call from someone who said they worked as a manager for the investment company. And the manager then talked her through opening an account with Revolut and purchasing cryptocurrency, which she would send on to the company's platform.

Mrs J was given access to the investment company's trading platform, where she could see trades the manager was making for her and the profit it showed she was making. And as the manager encouraged her to invest more and she was happy with the profit she appeared to be making, Mrs J made a number of payments from her Revolut account to purchase cryptocurrency, which was then sent on to the company.

I've set out the payments Mrs J made from her Revolut account below:

Date	Details	Amount
5 July 2022	To 1 st payee	£20
5 July 2022	To 1 st payee	£126
20 July 2022	To 1 st payee	£4,500
3 October 2022	To 2 nd payee	£1,333
3 October 2022	To 3 rd payee	£2,914
3 October 2022	To 4 th payee	£1,300
3 October 2022	To 5 th payee	£2,958
3 October 2022	To 6 th payee	£2,919
3 October 2022	To 7 th payee	£2,912
3 October 2022	To 8 th payee	£1,360
7 October 2022	To 7 th payee	£2,800
7 October 2022	To 9 th payee	£2,900
7 October 2022	To 9 th payee	£4,304

Unfortunately, we now know the cryptocurrency investment company was a scam. The scam was uncovered after Mrs J asked to make a withdrawal from the company's trading platform. The manager initially didn't respond, and then told Mrs J she'd need to pay an amount of tax before she could receive the withdrawal. And, as she hadn't been told this previously, Mrs J realised she had been the victim of a scam.

Revolut investigated but said the payments were all made voluntarily and authorised by Mrs J. It also said it didn't have any information it could have used to determine unusual activity on her account. So it didn't agree to refund the money she had lost. Mrs J wasn't satisfied with Revolut's response, so referred a complaint to our service.

I sent Mrs J and Revolut a provisional decision on 23 August 2024, setting out why I wasn't intending to uphold this complaint. An extract from my provisional decision is set out below:

"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.

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 that from July 2022 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);*
- 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.*

But, even if Revolut had recognised that Mrs J was at heightened risk of financial harm from fraud when making some of these payments, I don't think the action I would have expected it to take would have prevented her loss. I'll explain why below.

I'm satisfied Revolut should have recognised that Mrs J was at heightened risk of financial harm from fraud by at least the point she made the eighth payment here. At that point, Mrs J had made five payments in around an hour to five different payees and all for roughly similar amounts. And as this is similar to a pattern of payments often seen when customers are falling victim to a scam, I think Revolut should have recognised a risk.

I think a proportionate response to the risk I think Revolut should have identified would have been for it to provide Mrs J with a written warning that broadly covered general scam risks. But, had it done this, I'm not persuaded it would have prevented Mrs J's loss.

Mrs J has said that, for at least some of the payments she made, the manager from the investment company was accessing her computer remotely and talking her through how to make the payments. So I think it's likely the manager would either have dismissed any warning Revolut gave, or told Mrs J to ignore it.

The other bank Mrs J sent the money from into her Revolut account, before she then sent it on from her Revolut account, stopped one of the payments she made and had a phone call with her to discuss it. In this conversation, Mrs J says several times that the money is to pay for building work she is having done. She says the work is in the middle of being completed and she says she hasn't downloaded any remote access software.

The other bank then explains that it sounds like Mrs J is currently the victim of a scam, and Mrs J appears to accept that something isn't right. But she then continues making payments to the investment company. And later payments Mrs J then made from her account with the other bank to Revolut had references of 'kitchen renovations', 'kitchen windows' and 'builder'. So it appears Mrs J attempted to mislead her banks about the purpose of the payments she was making, and continued making the payments despite the other bank saying it appeared she was the victim of a scam. And so I don't think it's likely any written warning Revolut showed her would have impacted her decision about whether to continue making the payments or prevented the loss she suffered.

I appreciate that Mrs J has been the victim of a cruel scam and that my decision will come as a disappointment to her. She has lost a significant amount of money and I sympathise with the position she has found herself in. But I can only look at Revolut's responsibilities and, for the reasons I've set out above, I don't think anything I would reasonably have expected it to have done would have prevented the loss she suffered. And so I don't think it would be fair to require Revolut to refund any of the money Mrs J has lost."

I said I'd consider any further evidence and arguments, provided they were received by the deadline given.

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.

Revolut didn't respond to the provisional decision.

Mrs J responded, disagreeing with the decision and arguing that Revolut had more information than the other bank did about who the money was going to and so had the opportunity to question her about the discrepancies in her story. She said further education from Revolut could have allowed her to come to the conclusion that this was a scam, and so to not lose the money she did.

But while I appreciate that Revolut had more information available to it than the other bank Mrs J sent money from, I wouldn't have expected it to have gone as far as to have an in-person conversation or question her about any information she gave it here.

Mrs J's Revolut account had only been opened shortly before the payments to the scam were made, and there was no previous account activity for Revolut to compare these payments to when assessing whether they were unusual or whether Mrs J was at heightened risk of financial harm. The payments Mrs J made as a result of the scam were also to a number of different payees and for fluctuating amounts, so it wouldn't have been immediately obvious that they were connected or formed a suspicious pattern. And as the payments were all made to individual payees, rather than to a cryptocurrency exchange, they weren't identifiably related to cryptocurrency either.

So while I think Revolut should have recognised that Mrs J was at heightened risk of financial harm from fraud by at least the point she made the eighth payment here, I don't think the risk I would have expected it to identify was significant enough that I would have expected it to have an in-person interaction with her or question any information she gave it about the payments. I think a proportionate response to the risk I think Revolut should have identified would have been for it to provide Mrs J with a written warning that broadly covered general scam risks.

And as Mrs J continued to make the payments despite the in-person phone call she had with her other bank and the warning it gave her, and appears to have attempted to mislead the other bank about the purpose of the payments, I don't think it's likely that the written warning I would have expected Revolut to provide would have impacted her decision about whether to make the payments or prevented the loss she suffered.

As I said in the provisional decision, I appreciate that Mrs J has been the victim of a cruel scam. She has lost a significant amount of money and I sympathise with the position she has found herself in. But I can only look at Revolut's responsibilities and, for the reasons I've set out above, I still don't think anything I would reasonably have expected it to have done would have prevented the loss she suffered. And so I still don't think it would be fair to require Revolut to refund any of the money she has lost.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 31 October 2024.

Alan Millward
Ombudsman