

The complaint

Mr G complains that Revolut Ltd won't refund him the money he lost after he fell victim to an Authorised Push Payment (APP scam).

What happened

The background to this complaint is well known to both parties, so I won't repeat it all in detail here. But in summary, I understand it to be as follows.

In or around September 2023, Mr G was looking for some extra income, when he came across an investment opportunity through a well-known social media platform, which had been shared with him by a friend.

Mr G expressed an interest and was contacted by somebody who said they would manage Mr G's investment, which would focus on earning him a return by investing his money in cryptocurrency. Mr G was told that the minimum initial investment was £1,000 and he could expect a, guaranteed, return of ten times his investment, within three hours, but would need to pay 10% commission.

Believing everything to be genuine, Mr G decided to proceed, but unknown to him at the time he was dealing with fraudsters. The fraudsters told Mr G that he should set up a cryptocurrency account, as well as an account with Revolut to facilitate the payments. Soon after investing, Mr G could see he had made a profit and asked to make a withdrawal. But he was told that in order to access his funds he needed to make further payments. Mr G initially went ahead and made the further payments, but when he was still unable to withdraw his money he realised he'd been scammed.

Overall, Mr G made three card payments, listed below, to the fraudsters from his Revolut account, totalling £3,438. The payments went to the cryptocurrency account that Mr G had set up and from there to accounts the fraudsters controlled;

20 September 2023	£938
20 September 2023	£1,700
21 September 2023	£800

Mr G has said he also exchanged further funds (totalling £1,937.93) for currency and cryptocurrency from his Revolut account, which he's said also went to the fraudsters.

Mr G raised the matter with Revolut. It looked into his fraud claim, but it didn't agree to reimburse him. It pointed out that Mr G had authorised the payments and that it had temporarily held the second payment, for £1,700 – but Mr G had unblocked the payment and allowed it to be made. Revolut added that it had also been unable to recover any of the money Mr G had lost.

Unhappy with Revolut's response Mr G brought his complaint to this service. One of our Investigator's looked into things, but didn't think this was a complaint that should be upheld. In summary, it was our Investigators view that the payments weren't unusual or suspicious

enough whereby he would've expected Revolut to have identified them as being made in relation to a scam. Our Investigator also didn't think there was any opportunity for Revolut to have recovered the money Mr G had lost.

Mr G didn't agree with our Investigators view and so the complaint has been passed to me for a 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.

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 September 2023 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;
- 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, there are many payments made by customers each day and it's not realistic or reasonable to expect Revolut to stop and check every payment instruction. There's a balance to be struck between identifying payments that could potentially be fraudulent, and minimising disruption to legitimate payments. Bearing this in mind, I need to decide whether Revolut acted fairly and reasonably in its dealings with Mr G when it processed the relevant payments.

In this instance, Revolut did identify a risk with the second payment made, for £1,700. It temporarily blocked the payment, before Mr G unblocked it and allowed the payment to progress. Having considered everything carefully I don't think I can fairly and reasonably say

that, in the individual circumstances of this case, I could have expected Revolut's intervention to have extended any further than it did.

I say that as the account was newly opened, so Revolut didn't know what would constitute as 'typical account usage' for Mr G. I also don't consider that the value of the payments being made were remarkable enough to have caused Revolut any concern. Nor do I consider enough of a pattern had been formed here to suggest Mr G might be at a heightened risk of financial harm due to fraud or a scam. Overall, I'm not persuaded Revolut reasonably ought to have been concerned about the payments and I think the intervention it did make was proportionate given the circumstances.

I've also thought about whether Revolut could have done any more to recover the funds Mr G sent to the fraudsters, but I don't think it could have done. The card payments to the fraudsters were sent to a legitimate cryptocurrency exchange. That cryptocurrency exchange provided the goods and services Mr G paid for – namely the transfer of funds and/or provision of cryptocurrency. So, I'm not persuaded there was any reasonable prospect of a chargeback succeeding in these circumstances.

I don't say any of this to downplay or diminish the fact that Mr G has fallen victim to a cruel and cynical scam. I have a great deal of sympathy for him and I acknowledge that this has been a difficult time for him. However, my role is limited to looking at the actions and inactions of Revolut and I'm not persuaded it did anything wrong in processing these payments.

My final 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 Mr G to accept or reject my decision before 7 February 2025.

Stephen Wise
Ombudsman