

The complaint

Mr G complains that Revolut Ltd won't refund the money he lost when he was the victim of a scam.

What happened

In August 2023, Mr G saw an advert on a social media network for a cryptocurrency investment company. He followed a link to the company's website, filled out an enquiry form and was then contacted by someone who said they worked for the company. Mr G was then guided through opening accounts with Revolut and on the company's trading platform. He was also asked to download remote access software, so the broker from the investment company could guide him and trade on his behalf – which he did.

Mr G was given log-in details for the investment company's trading platform, where he could see live trades and the profit it said he was making. And as it showed he was making a profit and the broker encouraged him to invest further, Mr G made a number of payments from his Revolut account to purchase cryptocurrency – which was then sent on to wallet details he was given for the company.

I've set out the payments Mr G made from his Revolut account below:

Date	Details	Amount
28 August 2023	To 1 st payee	£2,515
28 August 2023	To 2 nd payee	£2,485
29 August 2023	To 3 rd payee	£3,868
2 September 2023	To 4 th payee	£4,940
2 September 2023	To 5 th payee	£5,060
4 September 2023	To 6 th payee	£8,040
4 September 2023	To 7 th payee	£1,960
8 September 2023	To 8 th payee	£10,000
9 September 2023	To 9 th payee	£5,941
9 September 2023	To 10 th payee	£3,000
9 September 2023	To 11 th payee	£1,054

Unfortunately, we now know the cryptocurrency investment company was a scam. The scam was uncovered after another bank Mr G applied for a loan from intervened. Mr G then reported the payments he had made to Revolut.

Mr G then received a number of emails which said they were from Revolut. They said some of the money he had lost had been recovered, but he needed to make a number of payments to comply with regulatory requirements and anti-money laundering guidelines before it could be returned to him. So Mr G made a number of further payments from his Revolut account, as set out below:

Date	Details	Amount
3 October 2023	To 12 th payee	£1,000

4 October 2023	To 13 th payee	£2,000
11 October 2023	To 14 th payee	£4,800

Unfortunately, we now know these emails were also a scam and hadn't been sent by Revolut.

Revolut investigated but said it had shown scam warnings to Mr G when he made the payments and done everything it could to recover the money he lost. So it didn't think it was at fault for processing the payments he authorised, and didn't agree to refund the money he had lost. Mr G wasn't satisfied with Revolut's response, so referred a complaint to our service.

I sent Mr G and Revolut a provisional decision on 13 September 2024, setting out why I wasn't intending to uphold this complaint. And extract from the 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 from August 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.*

But, even if Revolut had recognised that Mr G 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 his loss. I'll explain why below.

I'm satisfied Revolut ought to have recognised that Mr G was at heightened risk of financial harm from fraud by at least the point he tried to make the fourth payment here, for £4,940 on

2 September 2023. At this point, Mr G had tried to make four payments to four new payees in six days, and a fifth payment to a fifth new payee had been returned. The payments also appeared to be increasing in size. And this is a pattern often seen when customers are falling victim to a scam. So I think Revolut should have recognised a risk here.

I think a proportionate response to the risk I think Revolut should have identified would have been for it to ask Mr G a series of questions in order to try to establish the actual scam risk, and then to provide him with a written warning relevant to that risk. But, had it done this, I'm not persuaded that it would have prevented Mr G's loss.

Revolut did ask Mr G questions and showed him warnings before a number of the payments he made here. Before the first three payments, it asked Mr G to select the purpose of the payment from a list of options. But Mr G selected that the payments were for 'something else', rather than selecting the option of 'as part of an investment' which would seem to have been more appropriate to his circumstances.

Revolut then asked Mr G a series of questions, including whether he was being assisted through the questions and told what to answer, whether he'd been asked to install any software so someone could see his screen, and whether he'd been told to ignore any warnings it gave him. But despite Mr G now saying he was being guided through the questions by the scammers, was asked to install remote access software and was asked to ignore its warnings, he answered to Revolut that he wasn't being assisted and hadn't been asked to install software or ignore warnings.

Revolut then showed him a series of warnings, including warning that this could be a scam, that he shouldn't give anyone else remote access to his screen and that, if he'd been told to ignore the warnings it was given, then it was a scam. But Mr G still continued to make the payments.

And before the fourth payment Mr G made, Revolut also then forced him into a chat with one of its advisors and asked him some further questions about the payment. It explained this was a very risky transfer and that, if he made it, the most likely outcome was that he'd lose his money. It also asked him to confirm again that nobody was guiding him through its questions, had asked him to install software or had told him to ignore its warnings – which Mr G again confirmed, despite it now appearing to be incorrect.

So even if Revolut had asked more open-ended and probing questions to establish the scam risk when Mr G made this fourth payment, I think it's likely he wouldn't have given it accurate information about the purpose of the payment or the circumstances surrounding it and would have ignored any warnings it gave – as happened with the questions he was asked and the warnings he was given. And so I don't think Revolut would have had significant concerns following its questions and I don't think any warning I would have expected it to show following those questions would have stopped Mr G from making the payments or losing the money he did.

I think Revolut should have again recognised that Mr G was at heightened risk of financial harm when he made the first payment following the recovery part of the scam, for £1,000 on 3 October 2023 – as Mr G had reported the earlier payments to it as a scam and this payment will have looked similar to the scam payments.

But during this later recovery part of the scam Revolut again showed Mr G similar warnings to those it showed him for the earlier payments, and again forced him into a chat with one of its advisors who asked further questions about the payment. And Mr G again answered and confirmed in the chat that nobody was guiding him through the questions or had told him to

ignore the warnings – despite now telling our service that he was again being guided through the questions and told to ignore the warnings.

So in the same way I don't think more open-ended and probing questions from Revolut would have stopped Mr G making the earlier payments, I also don't think Mr G would have given accurate information about the purpose or circumstances of these later payments. And so I don't think any warning I would have expected Revolut to show following these questions would have stopped Mr G from making these later payments either.

I appreciate that Mr G has been the victim of a cruel scam and that my decision will come as a disappointment to him. He has lost a significant amount of money and I sympathise with the position he has found himself 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 Revolut to have done would have prevented the loss he suffered. And so I don't think it would be fair to require Revolut to refund the money Mr G has lost."

I said I'd consider anything further Mr G and Revolut sent in, provided it was 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.

Mr G responded that Revolut was aware he was at risk of financial harm, but the intervention it carried out wasn't proportionate or effective. He said the questions Revolut asked didn't go far enough to uncover the true nature of the payments and so the action it took shouldn't be considered sufficient.

But the provisional decision didn't say that the intervention Revolut carried out was proportionate or sufficient. I explained in the provisional decision that I felt that, even if Revolut had asked the kind of open-ended or probing questions I would expect it to have done, I don't think it would have uncovered the scam or stopped Mr G losing the money he did. And Mr G didn't submit any further evidence or arguments in response to this finding.

During the interventions Revolut did carry out, Mr G selected that the payments were for 'something else', rather than selecting the option of 'as part of an investment'. And he said several times that he wasn't being guided or assisted and hadn't been asked to ignore warnings, despite these things now appearing to be incorrect. So I think he likely wouldn't have given it accurate information about the purpose of the payments or the circumstances surrounding them if Revolut had asked further questions.

And so I still don't think Revolut would have had significant concerns following its questions or that any warning I would have expected it to show following those questions would have stopped Mr G from making the payments or losing the money he did.

I still don't think anything I would reasonably have expected Revolut to have done would have prevented the loss Mr G suffered, or that it would be fair to require Revolut to refund the money he 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 Mr G to accept or reject my decision before 14 November 2024.

Alan Millward
Ombudsman