

## The complaint

Ms Z is unhappy that Revolut Ltd declined to refund money she lost as part of an investment scam.

Ms Z is represented by a third party.

## What happened

Ms Z says she was introduced to an investment company (which I'll refer to as "G") by a colleague. She researched the company and saw positive results including a professional website. It now transpires G was a clone of a genuine investment company.

Ms Z's engaged with an individual (I will refer to as A) who explained how the investment worked – leading to Ms Z signing up for the investment. After an initial deposit and successful withdrawal, Ms Z was further convinced of the legitimacy of the investment. Subsequently, she made a substantial investment. In August 2023 she encountered issues with decreasing investment values and demands for additional payments to rectify purported criminal activity on her trading account. She also made payments from her other bank account with Bank B

Ms Z made several payments to release her funds and soon after realised she had been the victim of a scam when access to the trading platform was cut off. Ms Z made the following payments to the scam from her Revolut account.

Date	Payment	Amount
1 March 23	Exchange to ETH	£5,000
6 March 23	Transfer to F	£500
8 March 23	Credit from F	£500
22 May 23	Transfer to C	£100
24 May 23	Transfer to S	£5,000
24 May 23	Transfer to S	£10,000
24 May 23	Transfer to S	£4,800
24 May 23	Transfer to S	£37,000
30 May 23	Transfer to S	£10,000
15 August 23	Transfer to Z	£30,000
18 August 23	Transfer to Z	£16,000
25 August 23	Transfer to Z	£4,050
26 September 23	Transfer to S2	£8,370

Revolut declined to refund Ms Z. It said it did question her on some of the payments but the answers she gave and her agreements to its warnings, meant they released payments.

Our Investigator did not uphold the complaint. She acknowledged that Revolut could have done more than it did, but she was not persuaded that better intervention would have made a difference.

Ms Z representatives did not agree. It said, the responses she gave Revolut indicated she was being coached and that should have prompted more probing questions to uncover the true nature of the transfers. It said, Revolut didn't ask what Ms Z was doing with the cryptocurrency once she purchased it or what platform she was trading on. Revolut could have asked for further documentation on the investment itself or evidence of any successful withdrawals or profits she had made.

As the case could not be resolved informally, it has been passed to me for a 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 deciding what's fair and reasonable, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, on what I consider is more likely to have (or would have) happened in light of the available evidence and the wider circumstances.

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.

However, taking into account relevant law, regulatory 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 March 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;
- 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); and
- 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.

And for transactions after 31 July 2023

- 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;

It isn't in dispute that Ms Z has fallen victim to a cruel scam, or that she authorised the payments she made by bank transfers.

Whilst we now know the circumstances which led Ms Z to make the payments using her existing Revolut account and the process by which her money fell into the hands of the fraudster, I am mindful that Revolut had much less information available to it upon which to discern whether any of the payments presented an increased risk that Ms Z might be the victim of a scam.

The transactions were not scam payments themselves but rather genuine transactions for the genuine purchase of cryptocurrency. The scam happened after that by moving the genuine currency onto the scammer's wallet.

However, I am satisfied that by the end of 2022, prior to the payments Ms Z made in March 2023, Revolut ought fairly and reasonably to have recognised that its customers could be at an increased risk of fraud when using its services to purchase cryptocurrency, notwithstanding that the payment would often be made to a cryptocurrency wallet in the consumer's own name.

I think Revolut ought to have recognised Ms Z was at risk of financial harm from fraud when she purchased £5,000 of cryptocurrency using her Revolut account on 1 March 2023. In line with the good industry practice that I've set out above, I think a proportionate response to that risk would have been for Revolut to have provided a tailored written warning relevant to cryptocurrency scams.

Although it did not intervene at this point, it did block the next attempted payment for £20,000 to payee F, immediately before Ms Z made the small £500 transfer to F on 6 March 2023. I note Ms Z then went on to make payments to the scam from her other account with Bank B.

For all payments from 24 May 2023 onwards (except the eighth, tenth and eleventh payments) Revolut intervened. It asked a series of automated questions to identify the scam risk and directed Ms Z to its in-app chat to discuss some of the payments further.

As well as providing a written tailored warning relevant to cryptocurrency scams on the first payment, I do think Revolut could have asked more and better probing questions of Ms Z about some of the later payments she made when she was directed to its chat. However, I don't think any better or proportionate intervention by Revolut would have prevented Ms Z's loss. I'll explain why.

I have reviewed the messages Ms Z had with the scammer. The evidence suggests when presented with the questions about her payments, Ms Z was sharing details of Revolut's intervention, and the scammer was telling her directly what to say. For example, for the large payment on 24 May 2023, the scammer told Ms Z exactly what to say and Ms Z repeated the same wording in Revolut's in-app chat. I'm therefore persuaded that if more probing questions had been asked of Ms Z, she would have reverted to the scammer on how to answer them or they would likely have provided any fake documents requested. That's evident given Ms Z didn't always answer Revolut's questions accurately because of the coaching she was receiving from the scammer. For example, she repeatedly denied being assisted through Revolut's questionnaire.

Ms Z was also being guided by the scammer in what exactly to say to one of the cryptocurrency merchants in order to by-pass security measures. At one stage she was warned that a cryptocurrency wallet she was trying to send money to, was recognised as a

scam. Instead of independently checking things out further – Ms Z turned to the scammer for advice and took his explanation at face value.

I'm not persuaded there were any prospects of Revolut successfully recovering the funds, given the money was used to purchase cryptocurrency from legitimate providers.

Ms Z has fallen victim to what can only be described as a cruel and callous scam. I'm sorry she has lost so much money, and I can understand why she would like to be compensated for all her losses. But I can only ask Revolut to reimburse Ms Z if I find that any wrongdoing on its part caused her loss and I'm not persuaded that this was the case. For the above reasons, I don't think Revolut has acted unfairly by not refunding the payments.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms Z to accept or reject my decision before 17 April 2025.

Kathryn Milne  
**Ombudsman**