

The complaint

Mr A complains that Revolut Ltd hasn't protected him from losing money to an investment scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat everything here. In brief summary, Mr A has explained that on 28 March 2024 he made a transfer of £3,000 from his Revolut account for what he thought was a legitimate investment.

Mr A subsequently realised he'd been scammed and got in touch with Revolut. Ultimately, Revolut didn't reimburse Mr A's lost funds, and Mr A referred his complaint about Revolut to us. As our Investigator couldn't resolve the matter informally, the case 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.

First let me clarify exactly what this decision is about. In response to our Investigator's assessment Mr A referred to Revolut's role as the *receiving* payment service provider (the scammer's account provider). However, the complaint referred for final decision here, assessed previously by our Investigator, is about Revolut acting in its role as Mr A's *sending* payment service provider. If Mr A wishes to complain about Revolut as the receiving payment service provider, then that is something he should take up as a separate matter. This decision here will address Revolut only in its role as the sending payment service provider.

I've decided to not uphold this complaint for materially the same reasons as our Investigator.

I don't doubt Mr A has been the victim of a scam here. He has my sympathy. Ultimately, however, Mr A has suffered his loss because of fraudsters, and this doesn't automatically entitle him to a refund from Revolut. It would only be fair for me to tell Revolut to reimburse Mr A his loss (or part of it) if I thought Revolut reasonably ought to have prevented the payment in the first place, or Revolut unreasonably hindered recovery of the funds after the payment had been made; and if I was satisfied, overall, this was a fair and reasonable outcome.

Prevention

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 March 2024 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.

In this case however, I can see that Revolut did intervene before it followed Mr A's instructions to make the payment. I'm satisfied from the information I've seen that when Mr A added the new beneficiary he intended to pay, he would have been shown the following in-app warning: *"Do you know and trust this payee? If you're unsure, don't pay them, as we may not be able to help you get your money back. Remember, fraudsters can impersonate others, and we will never ask you to make a payment"*. Mr A needed to acknowledge the warning to proceed with the payment, but the payment was nonetheless then blocked (put into a pending state) by Revolut, and Mr A was asked to state the purpose of the payment, to which he selected the option *"As part of an investment"*. Revolut then asked Mr A a series of short questions, which the Investigator detailed in their assessment. Mr A was shown some warnings about investment scams, and a risk agreement that Revolut had warned him his payment was suspicious and he understood the risk of losing his money.

Instead, Mr A nevertheless chose to proceed with the payment despite Revolut's reasonable actions. And I don't think I can say Revolut's interventions were inappropriate or that I could fairly say it reasonably ought to have been expected to have gone further than this. Given the amount the payment was for, I think the intervention was reasonable. There are many payments made by customers each day, and there's a balance to be struck between appropriately intervening in payments before following the customer's instructions to make them, and minimising disruption to legitimate payments (allowing customers ready access to their funds). So I'm not persuaded Revolut unreasonably failed to prevent Mr A from making the payment.

Recovery

I've considered whether Revolut unreasonably hindered recovery of the funds after the payment was made. But I'm not persuaded it did. Mr A made the payment on 28 March

2024. And it wasn't until May 2024 that Mr A notified Revolut that he'd been scammed. But I understand that then, despite Revolut's efforts, it wasn't then able to successfully recover the funds. Unfortunately, I don't find this surprising - it's common in scam cases like this for funds to be spent from the recipient account promptly (presumably to frustrate recovery attempts). Given the amount of time between Mr A's payment and when he realised the problem, this wouldn't have been a payment I'd reasonably expect Revolut to have been able to recover.

I'm sorry Mr A was scammed and lost this money. He has my sympathy. However, I can't fairly tell Revolut to reimburse him in circumstances where I'm not persuaded it reasonably ought to have prevented the payment or to have been able to recover it.

My final decision

For the reasons explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 24 December 2024.

Neil Bridge
Ombudsman