

The complaint

Mrs D complains that Revolut Ltd ('Revolut') won't refund the money she lost after falling victim to a scam.

What happened

In late 2022 Mrs D saw an advertisement for a cryptocurrency investment opportunity on a social media site, which was promoted by a well-known celebrity. Mrs D says she believed the social media site would have vetted any advertisements. Mrs D was interested so she clicked the link and reviewed the company's website. I'll refer to the investment company as N. Mrs D also checked an online review website and says there were a number of positive reviews of N. Mrs D provided her contact information through N's website.

A representative of N called Mrs D and explained they were a cryptocurrency market trader. Mrs D found the caller very professional, knowledgeable and able to answer the questions she asked. I'll refer to the caller as R.

Mrs D was interested in investing and was asked to provide identification and documentation to meet know your customer ("KYC") and anti-money laundering checks. R helped Mrs D to set up a trading account with N and cryptocurrency wallets, by asking Mrs D to download screen sharing software. Mrs D was also told to open an account with Revolut.

Mrs D made an initial small investment payment, which showed in her trading account straight away. Mrs D watched her profit grow, which she says happened slowly and didn't appear to be too good to be true. Mrs D says she was having daily calls with R and exchanging messages through a messaging app.

Mrs D tried to make a withdrawal but was told that doing so would affect the trading strategy. Instead, Mrs D was invited to join an Investment Circle Event and persuaded to make further payments.

Shortly afterwards, Mrs D tried to make a withdrawal a second time, but her profits dropped suddenly which R said was due to oil prices slumping. Mrs D was persuaded to make a further payment and to join the Platinum Event.

Ultimately, when Mrs D requested a withdrawal for the third time and refused to pay £30,000 to prove liquidity, her contact at N became hostile and she realised she'd been the victim of a scam.

These are the payments Mrs D made as a result of the scam.

Date	Pmt no	Details of transaction	Amount
6.1.2023	1	Card payment to cryptocurrency exchange B	£1,000
12.1.2023	2	Bank transfer to B2 – a cryptocurrency exchange	£1,000
12.1.2023	3	Card payment to I – a cryptocurrency exchange	£1,000
18.1.2023	4	Bank transfer to X – a cryptocurrency exchange	£5,000
19.1.2023	5	Bank transfer to X – a cryptocurrency exchange	£20,000
23.1.2023	6	Bank transfer to X – a cryptocurrency exchange	£25,000
24.1.2023	7	Bank transfer to X – a cryptocurrency exchange	£25,000
25.1.2023	8	Bank transfer to X – a cryptocurrency exchange	£25,000
7.2.2023	9	Bank transfer to X – a cryptocurrency exchange	£20,000
13.2.2023	10	Bank transfer to X – a cryptocurrency exchange	£10,000
8.3.2023	11	Bank transfer to X – a cryptocurrency exchange	£25,000
9.3.2023	12	Bank transfer to X – a cryptocurrency exchange	£17,000
		Total loss	£175,000

Mrs D reported the scam to Revolut in July 2023, through a professional representative.

Revolut declined to refund Mrs D, saying their recovery attempts had been unsuccessful. Revolut also referred to warnings Mrs D was shown and said they didn't have grounds to consider the transfers as suspicious as it was a newly opened account.

Mrs D wasn't happy with Revolut's response, so she brought a complaint to our service.

An investigator looked into Mrs D's complaint but didn't uphold it. The investigator felt Revolut should've been concerned and intervened when Mrs D made the payment of £20,000 on 19 January 2023. But the investigator wasn't persuaded that intervention would've prevented Mrs D's loss.

Mrs D disagreed with the investigator's opinion, saying the intervention by Revolut was insufficient and ineffective.

As the case couldn't be resolved informally, it has been passed to me to review.

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.

I'm really sorry to hear about the serious impact the loss of this money has had on Mrs D and her family. But, having carefully considered all the evidence, I've reached the same answer as the investigator. I'll explain why.

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.

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, Revolut should have been on the 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. And, 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.

Did Revolut intervene appropriately?

As this was a new account, Revolut didn't have previous account activity to compare Mrs D's payments to. Just because it was a new account, doesn't mean that I would expect Revolut to intervene immediately on payments Mrs D made. I say this as Revolut has to balance identifying potentially concerning payments and taking appropriate action, while ensuring minimal disruption to legitimate payments.

In this case, Revolut intervened when Mrs D made the fourth payment, which was for £5,000. I wouldn't have expected Revolut to have intervened prior to this payment based on the value and pattern of the previous three payments.

On the fourth payment, Revolut identified a potential scam risk and asked Mrs D what the purpose was onscreen, and Mrs D said it was a "payment for goods and services". As part of this process, Mrs D was shown five separate warning screens.

The first two warning screens shown before Mrs D selected a payment purpose explained that millions of victims lose money every year to bank transfer scams and that fraudsters are professionals and can pretend to be someone you know and trust.

After selecting the payment purpose Mrs D was shown three screens which questioned whether the price Mrs D was paying was too good to be true, whether she was using the recommended payment method and whether Mrs D had researched the seller.

Mrs D was also shown a screen which said the transfer could be a scam and her transfer was riskier than 99.2% of all Revolut transactions.

When Mrs D was shown the warning by Revolut, she messaged R and said "Revolut don't like the transfer, they say it's likely to be a scam!". In response R told Mrs D that it was "standard process", and that Mrs D should consider increasing her daily transfer limit.

As Mrs D selected a payment purpose that didn't meet the circumstances under which she was making the payment, Revolut were prevented from providing a relevant warning that might've resonated with her. Mrs D could've chosen "investment" as the payment purpose, which would've generated a warning tailored to investment scams. I'm satisfied that Revolut's intervention on the fourth payment was appropriate and in line with what I would've expected. I wouldn't have expected them to have provided staff intervention at this point.

Revolut didn't intervene on any of the subsequent payments that Mrs D made. But, I'm satisfied that they should've intervened on the next payment made on 19 January 2023 for £20,000 (payment 5).

By January 2023, I would expect Revolut to have been aware of the increased risk associated with cryptocurrency related transactions and the increased likelihood of the transaction being related to a fraud or scam. And, based on the specifics of this transaction, I would've expected Revolut to have gone further than providing an onscreen warning and think it would've been appropriate for them to direct Mrs D to talk to a specialist in their in-

app chat. As part of this, I would've expected Revolut to ask open, probing questions about the payment Mrs D was making to identify if she was potentially the victim of a scam and provide a relevant warning if they had any concerns.

So, I don't think Revolut's intervention was good enough. But I also need to consider whether better intervention would've prevented Mrs D's loss.

Would better intervention have prevented Mrs D's loss?

In this case, I'm not satisfied that better intervention by Revolut would've prevented Mrs D's loss. I'll explain why.

When Revolut highlighted to Mrs D that her fourth payment could be part of a scam, she shared that information with R and got guidance from them on what to do next. Mrs D also shared with R concerns from her bank, which she used to fund the payments from her Revolut account. R told her to call her bank and say she was transferring money to Revolut because she has some payments and transfers to do. R also told Mrs D that it's none of the bank's business what happens to the money, and they cannot know.

Based on the messages Mrs D has shared with us, R had built up a level of trust with Mrs D where she was placing more weight on what R told her, than any concerns raised by Revolut or her other bank.

Later in January 2023, Mrs D told R she was losing sleep and was quite anxious about the whole process. Saying that she didn't feel she could commit any further resources. However, shortly after this, she started applying for loans following R's recommendation in order to invest further. A few days later Mrs D told R that she'd had a disagreement with her husband about the investments and he'd told her to pull out all of the funds, except for £25,000. But, following discussions with R, Mrs D didn't make a withdrawal and deposited more funds into the investment.

A couple of weeks later, Mrs D told R that she'd spoken with her husband, and he was adamant that they shouldn't invest their savings. And in early February Mrs D told R that she would need to be able to get her profits back into her bank account on a regular basis to reassure her husband. However, despite not being able to withdraw any funds, Mrs D continued to make a further £72,000 in payments.

I'm really sorry that Mrs D has lost such a significant sum of money, but I'm not satisfied that I can fairly say that intervention by Revolut would've prevented Mrs D from making payments or prevented her loss. If Mrs D's husband's doubts and her bank's concern couldn't break the spell that the scammer (R) had over her, I'm not satisfied that I can fairly say Revolut could've.

Mrs D was sharing with R any warnings, comments or questions from the bank and Revolut, and taking R's guidance on how to respond and what to say. So, I think it's more likely than not R would've told Mrs D how to answer any questions Revolut might've asked in order to prevent Revolut from identifying the type of scam she might be falling victim to. And, that would've impacted on Revolut's ability to provide Mrs D with a warning that might've resonated with her or broken the trust that she was placing in R.

So, while I think Revolut's intervention should've been better, I'm not satisfied that I can fairly conclude that better intervention would've prevented Mrs D from making the payments or prevented her loss.

Recovery of funds

In this case, Mrs D was making the payments to purchase cryptocurrency which was paid into wallets in her name. Revolut could only attempt to recover the funds from the initial destination, being the cryptocurrency wallet, not from the scammers account where the funds ultimately ended up.

Revolut did contact the beneficiary banks, but no funds were returned, and I'm satisfied that they took appropriate steps to attempt recovery on Mrs D's behalf.

For the card payments, Revolut didn't raise a chargeback as the funds were used to purchase cryptocurrency. So there wasn't a relevant chargeback reason they could've used in this case.

I'm really sorry that Mrs D has lost such a significant sum of money to a cruel scam. But, having carefully considered all the evidence, I'm not satisfied that I can fairly hold Revolut liable for her loss or ask Revolut to refund her.

My final decision

My final decision is that I don't uphold this complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 12 February 2025.

Lisa Lowe
Ombudsman