

## The complaint

Mrs C is unhappy that Revolut Ltd (Revolut) won't refund the money she lost to a scam.

Mrs C has used a professional representative to bring this complaint to our service and they have made submissions on her behalf. For consistency, I'll refer to Mrs C throughout.

## What happened

I issued my provisional decision on this complaint on 8 October 2024. I wanted to give both sides a chance to provide any further evidence and arguments before I issued my final decision. That provisional decision forms part of this final decision and is copied below.

### *What happened*

*After discussing investments with her son, Mrs C searched online for trading companies when she came across an investment company (that I'll call P). Their website looked legitimate to Mrs C, and she checked online reviews, which were mixed. She thought P was endorsed by a well-known financial public figure so she contacted them on 8 February 2023 and was told an account manager would be in touch.*

*Shortly after, the account manager called Mrs C to discuss the investment. He said he'd invest on Mrs C's behalf and helped her open an account with P to start trading. Mrs C invested the minimum amount of £250 from her other bank account, with the help of the scammer using remote access software. The fraudster also directed Mrs C through opening a Revolut account on 9 February 2023.*

*After a few weeks, the balance on her trading account grew significantly. Mrs C wanted to make a withdrawal, but she was told she had to pay fees to access her funds. So she made further payments between 24 March 2023 and 28 March 2023 from her Revolut account. She converted her funds into cryptocurrency and sent the cryptocurrency from Revolut to the fraudster. Throughout this time, she contacted Revolut more than once as she thought she'd been scammed, but she continued making payments.*

*Mrs C says her trading account balance 'sky-rocketed', so she asked to make a withdrawal. She was then contacted by another company (that I'll call B) who told her she had to make a payment to show her account was active, in order to withdraw funds as this was a legal requirement. Mrs C says she completed some checks into B and found it was legitimate. So she made a further payment of £920. This time she made a card payment to a cryptocurrency exchange (that I'll call M) and the cryptocurrency was sent to the fraudster. However the withdrawal still didn't materialise, and the fraudster continued to ask for further funds. So, Mrs C contacted Revolut on 28 March 2023 at 13:56, to report that she had been scammed.*

*Revolut confirmed it couldn't recover any of Mrs C's funds and it declined to refund her because it warned her of the risks of proceeding before she made the payments. When Mrs C raised a complaint about this, Revolut said;*

- Clause 5 of its Cryptocurrency terms and conditions says 'You cannot cancel your instruction to withdraw cryptocurrency. Cryptocurrency transactions are irreversible. Revolut is not liable for any losses you incur related to a withdrawal of any cryptocurrency to an external wallet'.
- When Mrs C made the cryptocurrency withdrawals, she confirmed to Revolut that she is the account holder of the given cryptocurrency wallet address.
- It warned Mrs C that cryptocurrency withdrawals are non-reversible and that it is her responsibility to ensure the correct transfer information is provided prior to any cryptocurrency withdrawal taking place as it would not be responsible for any foreseeable loss in case the transactions turned out to be fraudulent.
- Revolut frequently informs customers about scams and prevention tips, through emails and blog posts.
- It found no trace of unauthorised activity on her account as the transaction was authorised in the Revolut app via 3DS secure. So, there was no valid chargeback under the Mastercard chargeback rules.
- Revolut was not at fault for processing the transactions that Mrs C authorised it to make.
- Revolut asked Mrs C for information about the scam on three different occasions via the in-app chat. Mrs C ignored Revolut's questions and continued to make further payments. Therefore, Revolut took the necessary actions to avoid any kind of monetary loss, but Mrs C didn't cooperate, so only she is liable for her loss.

Our Investigator upheld Mrs C's complaint in part. He thought that Revolut had enough information when Mrs C contacted it on 24 March 2023 over concerns she was being scammed, to have warranted the restriction of Mrs C's account. However, he thought Mrs C ought to share responsibility by way of contributory negligence. So he recommended Revolut refund 50% of her outstanding loss with 8% simple interest per year on that amount, from the date of debit to settlement.

Mrs C accepted this outcome, but Revolut did not so the complaint was passed to me to decide.

What I've provisionally 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 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 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 light of the above, I've considered whether Revolut can fairly and reasonably be held liable for Mrs C's loss. Whilst I think Revolut ought to have recognised from the conversations with Mrs C, that she was at a heightened risk of financial harm from fraud, I don't think Revolut could have reasonably prevented Mrs C's loss. I know this will be disappointing for Mrs C, so I'll explain why.*

*Mrs C made three successful currency exchanges from GBP to cryptocurrency, and one card payment to M as part of this scam. I'm not persuaded that the nature and appearance of the transactions themselves, ought to have given Revolut cause for concern that Mrs C was at an enhanced risk of financial harm due to fraud. Mrs C opened the account on 9 February 2023, so Revolut had limited information about how Mrs C might typically transact as there was little activity prior to the scam. However, Mrs C contacted Revolut more than once to discuss the payments, and it was through these interactions that the scam risk ought to have become apparent to Revolut.*

#### *The interactions between Mrs C and Revolut*

*Mrs C made an initial exchange from GBP into cryptocurrency on 24 March 2023 at 14:40 and she contacted Revolut at 15:14, around 25 minutes after she'd made a withdrawal from her cryptocurrency wallet. In summary, Mrs C explained that when trying to withdraw her profits from bitcoin trading, she was asked to pay commission up front. She said she was unsure if she was being scammed and asked Revolut to stop the withdrawal.*

*Revolut responded at 15:29 and let her know it couldn't cancel or reverse transactions. At the same time, it asked her for more information about what happened. Mrs C did not respond, and she proceeded to make a further cryptocurrency withdrawal on 27 March 2023. Around two hours later, she contacted Revolut and provided further information about what had happened. In summary she said:*

- *She'd invested \$250 and in 6 weeks she made \$31,000.*
- *Her advisor told her she had to pay commission in order to cash out.*
- *She was skeptical but she researched P as well as she could.*
- *Once she paid the funds, she was told she had to pay another £3,600 for something to do with security.*
- *She was worried she had been scammed.*
- *She asked if it's common for B to ask for release fees.*

*Revolut asked for more information, but Mrs C said she was in hospital at the time and would respond once she got home. However, Mrs C didn't respond back to Revolut. Instead she proceeded to make a further exchange into cryptocurrency and attempted a withdrawal from her cryptocurrency account. This withdrawal failed.*

*The next morning, Mrs C contacted Revolut to check her account wasn't restricted. When Revolut confirmed it wasn't, Mrs C proceeded to make a further exchange into cryptocurrency, and she made a successful withdrawal from her cryptocurrency account.*

Minutes later, she made a card payment to M for £920. A few hours later, she contacted Revolut to report the scam.

Would further intervention from Revolut have made a difference?

Having considered these interactions, I think the scam risk was or ought to have been apparent to Revolut and that it ought to have taken steps to provide Mrs C with scam education, tailored to the key features and risks of cryptocurrency investment scams given what she had disclosed. Mrs C opened a dialogue with Revolut more than once, but Revolut didn't also respond in the way I'd have expected it to in regard to her concerns and questions. That said, I'm mindful Mrs C didn't respond to Revolut's messages either.

Overall, having thought very carefully about this, I'm not persuaded Revolut could have deterred Mrs C from making further payments even if it had done a better job in responding to Mrs C's communications and providing her with warnings and information about cryptocurrency scams.

It's clear that Mrs C had obvious doubts; so much so that she contacted Revolut to report that she thought she had been scammed, multiple times. But she continued to make further payments. Our Investigator discussed this with Mrs C, and she could not explain why it was that she continued to make further payments despite her clear concerns, aside from the fact the fraudster was highly convincing. While Revolut didn't endorse Mrs C's position that she was being scammed, Mrs C appears to have been determined to continue to make payments despite significant reservations.

Even if Revolut had warned Mrs C about cryptocurrency scams, I am not persuaded this would have made a material difference. As I've explained Mrs C seemed to already be well aware that she could be being scammed. She said as much in the in-app chat to Revolut, right from the first day she made the payments to the scammer from Revolut. Mrs C also confirmed that she discussed the investment with her family, who also expressed concern that she was being scammed. She said her partner warned her she ought to be careful as she was parting with a lot of money and asked how she knew it wasn't a scam.

Mrs C described herself as hot-headed and thought it couldn't be a scam, so she ignored him. She also explained that after she reported the scam to Revolut, her partner grew so concerned that Mrs C was going to continue making further payments to the fraudster, that he took the money she had in her bank account and put it into one she couldn't access to prevent her from making further payments, as Mrs C continued to communicate with the fraudsters. Mrs C confirmed to our Investigator that she doesn't know whether or not she'd have made further payments. She said it was simply so convincing and persuasive, and she thought she was going to be rich.

Mrs C seemed to be so convinced by the fraudster that she repeatedly ignored the red flags in front of her. Mrs C admits that when she first looked into the investment opportunity on a well-known online review site, there were good and bad reviews – with some of the bad reviews I've seen saying that this was a scam. In the messages between Mrs C and the fraudsters, she makes repeated reference to it being a scam. It also shows she continued to speak to the fraudster after her family had expressed concern that she was being scammed, for example one message says she can't make the transaction as her partner froze her account. Another message says her children are going berserk and her partner is furious with her. I can also see when she was speaking to Revolut about the scam on 3 April 2023, during the reporting process, she said 'I can't touch it and [sic] not prepared to pay more as [sic] don't have it and [sic] probably a fake wallet I just don't know'. This uncertainty displayed from Mrs C, suggests Mrs C was still not 100% convinced that she had been

scammed, and the only reason she stopped making payments is because she no longer had access to her funds.

*Taking the above into account, I'm not persuaded that Revolut could have deterred Mrs C from making these payments. It's clear here that Mrs C had significant doubts about the payments she was making, and that she had a number of people around her also voicing their concerns. Despite this Mrs C carried on. It is not as though Revolut didn't respond to Mrs C at all – she had the opportunity to engage with Revolut further but ultimately chose not to. Whether this was to ensure her payments were processed quickly, or simply because the strength of the scam outweighed the interactions from Revolut and her family - I don't know. But ultimately Mrs C has said the fraudsters were so convincing, that she had a strong belief she was going to make a lot of money, and even after the event has told us that she's not sure whether she'd have carried on paying the fraudster even after her partner took steps to protect her. Overall, the weight of the evidence suggests Mrs C was determined to continue to make payments to the fraudster despite her own reservations and information from others as to the risks she was taking. She disengaged from Revolut's attempts to communicate with her about her concerns and there is little in the way of evidence to persuade me that Mrs C would have engaged with and responded positively to better scam interventions from Revolut.*

*Finally, I acknowledge that Mrs C was in a very difficult position at the time of the scam. She was unwell, and the fraudster seems to have clearly taken advantage of this, in a very cruel way.*

*I know the outcome I've reached will be disappointing for Mrs C, and I am very sorry she fell victim to such a cruel scam during an already difficult time in her life. However, I have to remember that it's not Revolut who has stolen this money from Mrs C – it's a fraudster. And I can only hold Revolut liable for the losses Mrs C has suffered if I can be persuaded from the evidence that its errors had a material impact on the losses she suffered. But I don't think that's the case here. The evidence compels me to believe that Mrs C was likely so convinced by the fraudster, that she was not accepting of risks brought to her attention and would still have wanted to proceed. So I don't find Revolut is liable for her loss.*

#### *Recovery of funds*

*I'm not persuaded Revolut could have done anything more to recover Mrs C's funds. I say this because she converted it into cryptocurrency and then sent this on to a fraudster. As the funds were sent to an external wallet, and this isn't reversible, Revolut was unable to recover these funds.*

*Similarly, with the card payment Mrs C paid to M, she paid a legitimate cryptocurrency exchange platform who fulfilled the services she paid for. So there would be no valid chargeback rights in regard to this card payment.*

#### *My provisional decision*

*My provisional decision is that I do not intend to uphold this complaint about Revolut Ltd.*

Revolut did not respond to my provisional decision. Mrs C did not agree. I've summarised Mrs C's points below:

- Revolut had enough information from Mrs C, from the second message she sent to Revolut, to be on notice of the scam.
- Revolut should have withheld the payments due to a lack of information.

- It had the option to show warnings or give scam advice but failed to do so.
- Had Revolut warned Mrs C appropriately, she would have noticed this applied in her circumstances and wouldn't have proceeded.
- The liability should be split between both parties.

### **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.

It's not in dispute that Revolut ought to have done more to respond to the scam risk apparent when Mrs C contacted it about the transactions she was making. As explained in my provisional decision, given what Mrs C had disclosed, it ought to have taken steps to provide Mrs C with scam education, tailored to the key features and risks of cryptocurrency investment scams.

However, I still need to consider whether Revolut's failure to do more to protect Mrs C from financial harm from fraud, on the balance of probabilities, caused some of Mrs C's loss. And, largely for the same reasons I set out in my provisional decision, I continue not to be persuaded that Mrs C would have been receptive to a warning of the type I've described.

Where a firm like Revolut does have cause for concern about a payment, I think it should reasonably take steps to warn its customer against the risks of proceeding. Whilst I appreciate Mrs C believes that such warnings would have resonated with her, the evidence I've seen, including Mrs C's own testimony, leads me to believe that she was aware of the risk she could be being scammed, but she was so persuaded by the fraudster that she continued to make further payments.

Mrs C confirmed she saw mixed reviews about the investment company when she did her initial research, with some of the reviews I've seen saying it's a scam. But these didn't deter Mrs C from proceeding. Despite Mrs C's clear concerns in the messages to Revolut, in between the payments she was making, she continued to make further payments and not engage in the conversation with Revolut. And despite her family's concerns, expressed by both her son and her partner, Mrs C continued to make further payments. And once Mrs C reported the scam to Revolut, she confirms she continued to engage with the fraudster such that her partner withheld her funds from her, as he was concerned that she might make further payments. And in Mrs C's own words, she doesn't know whether or not she would have made further payments. She couldn't categorically say that she wouldn't have.

Therefore, taking these things into account, there continues to be little in the way of evidence to persuade me that Mrs C would have engaged with and responded positively to better scam interventions from Revolut.

Finally, Mrs C has said Revolut should've withheld the payments she was attempting to make to protect her. I've thought carefully about this, but I'm not persuaded this would've ultimately prevented her loss. The weight of the evidence suggests Mrs C was determined to make these payments, despite her reservations. And even if Revolut had prevented her from making payments to cryptocurrency, I think it's likely Mrs C would've found another way to make the payments to the fraudster. After all, Mrs C's partner took significant steps to prevent her from making these payments which essentially disallowed Mrs C access to any of her money. I wouldn't have expected Revolut to have made such significant restrictions, however I accept it could've considered restricting payments to cryptocurrency. But this still would've enabled Mrs C to move the money from her Revolut account to another account in

order to make the payments, and I'm persuaded Mrs C would've been able to explain away reasons for doing so, had this been the case, given her determination to continue to make the payments towards the 'investment'.

### **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 Mrs C to accept or reject my decision before 2 December 2024.

Meghan Gilligan  
**Ombudsman**