

The complaint

Mr B complains that Revolut Ltd ('Revolut') won't reimburse the funds he lost when he fell victim to a scam.

What happened

Mr B says that he was browsing on social media and found a celebrity endorsed advert for an investment platform I'll refer to as F in this decision. He says he looked at F's website and at reviews before registering his interest. Soon after, Mr B received a call from a representative of F who said he would be his account manager.

The account manager told Mr B that he would need to open accounts/apps before he could start to trade. One account was a cryptocurrency account which was later used to receive profits and the other was on a financial platform which offered various services including the purchase of cryptocurrency. To help him do this, Mr B's account manager asked him to download a screen sharing application.

Mr B had a trading account where he was able to see his transaction history, funds paid in and his profit. Initially Mr B invested £10 from an external bank account and saw his profits rising. Mr B was advised to also open an account with Revolut so that he could make payments more quickly.

Mr B's account manager showed him how to withdraw profits. He then advised that there was a good opportunity to increase his profits, so Mr B made a card payment of £4,000 from his Revolut account to the financial platform. On the instructions of his account manager Mr B made further payments, all to the financial platform. I have listed all the payments Mr B made in the table below.

Transaction	Date	Amount	Method
1	09/05/23	£4,000	Card
	11/05/23	£10,000	Transfer
2	17/05/23	£1,000	Transfer
3	19/05/23	£3,000	Transfer
4	30/05/23	£11,000	Transfer
Total		£19,000	

Mr B was able to withdraw funds from the platform as follows:

Date	Amount
10/03/23	£73.44
14/03/23	£44.19

14/03/23	£82.49
19/04/23	£500.00

Mr B asked to withdraw his funds and was told the withdrawal was being processed. But he then received an email from an anti-money laundering officer at 'Blockchain' that said he needed to pay 40% of the amount held on the platform as proof of wealth. It was at this stage that Mr B realised he was the victim of a scam. He reported what had happened to Revolut via its chat on 1 August 2023.

Revolut didn't agree to reimburse Mr B. It said Mr B authorised the transactions and it provided sufficient scam warnings. In respect of the £4,000 card payment, Revolut noted that there were no dispute rights as the service was provided.

Mr B was unhappy with Revolut's response and brought a complaint to our service. He said Revolut failed to adequately protect him when the payments were made.

When Revolut sent its file to this service it said:

- Mr B initiated and authorised the payments
- the fraudulent activity didn't take place on the Revolut platform
- proportionate and appropriate warnings were provided
- Mr B didn't complete enough checks

Our investigation so far

The investigator who considered this complaint didn't recommend that it be upheld. She said that Revolut identified that Mr B was at risk and intervened. But the answers Mr B gave meant that Revolut was prevented from providing him with warnings tailored to the scam he was falling victim to. The investigator noted that Mr B's bank had intervened when he made a transfer to Revolut but Mr B gave an incorrect payment reason, and that the scammer told Mr B in messages not to say he was buying cryptocurrency. So, the investigator didn't think Revolut could have prevented Mr B's loss.

Mr B was unhappy with the investigator's findings, so his complaint has been passed to me to decide. He said given that he chose the safe account payment option, Revolut should not have made the payment. Instead, it should have asked him probing questions about the reason for the payment – which would have uncovered the scam. And, when Mr B said he had installed a screen-sharing application, Revolut should have asked questions about this. Overall, Revolut's intervention didn't go far enough or adequately pick up on the red flags raised.

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 in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be 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.

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 May 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.

Considering what Revolut knew about the payments, I've thought about at what point, if any, it ought to have identified that Mr B might be at a heightened risk of fraud.

I don't consider Revolut ought reasonably to have had any concerns when Mr B made the initial card payment of £4,000. In saying this I've taken into account that the merchant Mr B was paying also provided financial services other than the provision of cryptocurrency, so it wasn't immediately apparent that this was what Mr B was doing. Also, Mr B's Revolut account was newly opened, so Revolut didn't have an understanding of his normal spending patterns to compare the transactions with.

After Mr B made the initial card payment, he attempted to make a £10,000 transfer on 11 May 2023 (to the same platform). As Mr B was paying a new payee (in terms of a transfer), Revolut provided him with the following message.

"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."

Revolut went on to complete a risk assessment and held the payment. Mr B was provided with the following message:

"This transfer could be a scam

Our system identified the transfer as risky and put it to pending.

Your transfer has a higher risk score than

99.2%

of all Revolut transfers"

Mr B was given the option to cancel the payment or to continue. He chose to continue and was asked to choose a payment reason from a list provided. The list included 'Investment', but Mr B chose 'Transfer to a 'Safe Account'. He was asked whether he'd been told he was a victim of fraud and rushed into making the payment, and whether he'd been asked to ignore scam warnings when making the payment. Mr B gave negative answers to both questions and chose to move to Revolut's chat. He was provided with detailed information about safe account scams and essentially asked if the circumstances set out applied to him. Mr B said, *"No, this is a genuine transfer"*.

Revolut then provided further safe account advice and asked Mr B additional questions, including whether he had been asked to ignore scam warnings (no) and whether he'd been asked to install any apps, like screen sharing apps, on his phone (yes – a screen sharing app).

Revolut explained that this was a common fraud pattern and advised Mr B to uninstall the app. It also rejected the transaction and strongly suggested that Mr B look into things before proceeding.

When Mr B made payments two and three Revolut again provided Mr B with the screen that explained the transfer had a higher risk than 99.2% of all Revolut transfers (which I have set out above). Revolut went on to display a series of dynamic educational messages which discussed the prevalence of scams and that fraudsters pretend to be someone trusted. Mr B was then asked to provide the payment purpose and chose the safe account option on both occasions. Revolut provided further information to help to identify common features of a safe account scam and then allowed Mr B to make the payments.

Generally speaking, I don't consider Revolut should process a payment with this payment reason until it had taken appropriate steps to satisfy itself the reason was chosen in error. But here, Revolut had already taken such steps and provided Mr B with clear advice about safe account scams when he attempted to transfer funds to the same account. When it blocked the £10,000 transfer Revolut said, *"Please be aware, if you have been asked to move money to a safe account, this is a scam. Revolut and other banks will NEVER tell you to move your money into a new 'safe' account"* or to another account for safekeeping. Mr B had confirmed that the transaction was genuine, and he wasn't falling victim to such a scam but Revolut declined to make the payment.

Whilst it's arguable that Revolut should have sought to establish the real reason for payments two and three, I'm not persuaded it would have made a difference in the particular circumstances of this case.

Mr B misled Revolut about an earlier payment and I've seen evidence from an external bank relating to a payment Mr B made in respect of the same scam on 2 May 2023. In response to onscreen questions the bank asked, Mr B confirmed that he was paying for a service and was buying an item that he had seen in person. When Mr B responded to these questions, he was advised of the importance of providing the real reason for it and of answering questions honestly. Mr B was also told that if anyone told him to lie or mislead the bank, or to choose a different payment reason, it was a scam.

I've also carefully considered the messages Mr B exchanged with the scammer (the account manager at F). On 2 May 2023 Mr B said that his bank wasn't allowing him to transfer funds. The scammer told Mr B not to say the payment was for cryptocurrency as it would be blocked. I also note that Mr B received calls from a representative of F when he was making some payments. I think it's more likely than not that in such calls he was coached and told what to say.

I appreciate that when he misled Revolut Mr B was under the spell of the scammer(s). But, given the responses he provided, I can't fairly conclude that Revolut could have uncovered the scam and prevented the payments from being made.

Revolut didn't provide any warnings in respect of payment three. Although the payment was going to a payee Mr B had already paid, it was higher in value than previous transfers. I think a proportionate response to the risk posed by this payment would have been for Revolut to provide a warning tailored to the payment reason chosen. On balance, I'm persuaded Mr B wouldn't have revealed the real reason for the payment so any warning Revolut provided wouldn't have resonated with him and prevented the payment from being made. I'm also mindful that warnings that were relevant to Mr B's circumstances weren't heeded.

I realise my decision will disappoint Mr B and that he has lost a lot of money as a result of a cruel scam. But I'm not persuaded Revolut could have prevented his loss.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 5 March 2025.

Jay Hadfield
Ombudsman