

The complaint

Mr L complains that Revolut Ltd hasn't protected him from losing money to a 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 L has explained that in October 2023 he made numerous payments from his Revolut account for what he thought was a legitimate job opportunity.

Mr L subsequently realised he'd been scammed and got in touch with Revolut. Ultimately, Revolut didn't reimburse Mr L's lost funds, and Mr L 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.

Having done so, I've reached materially the same conclusions as our Investigator, and for materially the same reasons. That is, I've decided to not uphold Mr L's complaint. I'll explain why. In doing so, I've focused on what I think is the heart of the matter. If there's something I've not mentioned, it isn't because I've ignored it; I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

First, let me say, I don't doubt Mr L has been the victim of a scam here. He has my sympathy. Ultimately, however, Mr L 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 L his loss (or part of it) if I thought Revolut reasonably ought to have prevented the payments (or some of them) in the first place, or Revolut unreasonably hindered recovery of the funds after the payments 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 October 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;
- 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, I understand Revolut has explained that it did intervene in some of Mr L's payments. It's explained that many of Mr L's payments for cryptocurrency were declined; that his card payments were '3DS' authenticated; he was warned in-app when setting up new payees that fraudsters can impersonate others, and to not pay payees if he didn't know and trust them as Revolut may not be able to get his money back. I understand also that on some of the payments, Mr L was asked about why he was making the payment, and Mr L said he wasn't being assisted in answering Revolut's questions, that his transfer was as part of an investment – gains from cryptocurrency; that he hadn't been asked to download any software; he'd discovered the opportunity through a friend or family member; he'd invested in crypto before; and he'd researched the company by checking it was on the FCA register.

I've seen information from Revolut that satisfies me that, based on this, Mr L would have then been shown a more tailored set of warning messages based on the stated purpose of his transaction which warned him there was a high probability that his payment was being made as a result of a scam. Mr L then needed to agree to a risk agreement that "*Revolut has warned me that this payment is suspicious and I understand the risk of losing my money*".

I think Revolut should have done more than this. The payments out of Mr L's Revolut account became unusual and uncharacteristic for his account. Revolut ought to have realised he was at heightened risk of financial harm from fraud. And I think Revolut ought to have intervened more than it did, as our Investigator also found. But in this case, I'm not persuaded any reasonable and proportionate level of intervention from Revolut would most likely have prevented Mr L from ultimately proceeding with payments like this that he lost to the scam.

I say this because money lost to the scam from Mr L's Revolut account was funded by payments into his Revolut account from a different account he held with a third-party bank who in this decision I'll call Bank H. Bank H has sent us information about intervention calls it had with Mr L regarding payments he instructed out of his account with Bank H as a result of the same scam. I've listened to recordings of these telephone calls Mr L had with Bank H, and I note that during a call on 24 October 2023, Mr L told Bank H that he was investing in cryptocurrency; that no-one had told him to lie about the payment; he'd found the investment

through a friend; he'd done his own research into things; and, on becoming frustrated with the questions from Bank H and the time things were taking, he said to Bank H, *"I don't feel I need to justify myself to you...I've proved I'm not being scammed"*.

I also note, having reviewed the available records of Mr L's communications with the scammers, that it's clear Mr L had concerns about the legitimacy of the job opportunity on 24 October 2023, yet he still proceeded to make further payments to the scammers, being sufficiently persuaded by what they said not to stop. I've thought carefully about whether this might have meant Mr L would have been more open with Revolut. But I'm not persuaded he most likely would have been. The nature of his interactions with Bank H suggest to me that Mr L was somewhat frustrated at the friction he was experiencing in making his payments. He wasn't forthcoming with Bank H, when he had a very clear opportunity to have been so. And I think, unfortunately, even if Revolut had questioned and warned Mr L further, as I think it reasonably ought to have done, that ultimately, Mr L would have sought to have proceeded with the payments anyway.

Mr L's representative has said that Revolut ought to have warned Mr L of job/tasks-based scams anyway, given he was buying cryptocurrency, and the prevalence of such scams at this time. But I'm not persuaded Mr L most likely would have been open to such warnings at the time unfortunately. Certainly there are cases where proportionate intervention and appropriate warnings could have prevented losses to a scam, but I'm afraid I'm just not persuaded this is most likely one of them. Mr L seems to have found the scam convincing at the start, as he's made clear in his submissions. And whilst he did then have doubts, he continued to make payments to the scammers regardless, and his interactions suggest to me that even if Revolut had done more than it did he wouldn't have properly engaged or otherwise acted differently – I think most likely he would instead have been focused on making the payments regardless. This means in this case I'm not persuaded I can fairly say Revolut unreasonably failed to prevent Mr L's payments.

Recovery

The only potential avenue for recovery of the debit card payments would have been through the chargeback scheme. However, I understand these payments were made from Mr L's Revolut debit card to a legitimate crypto exchange (and not directly to the scammers). This means the merchant here, for chargeback purposes, would be the crypto exchange (and not the scammers). The crypto exchange would have legitimately provided the services intended, exchanging Mr L's payments into cryptocurrency. The subsequent transfer of the cryptocurrency onto the scammers would not give rise to a valid chargeback claim through Revolut. So I don't think these payments were recoverable through Revolut once they had been made.

Mr L also made transfers to his crypto wallet. But as these funds were moved onto the scammers, again these wouldn't reasonably have been recoverable by Revolut by the time it was notified of the scam. And with regards to Mr L's push to card payments, I agree with what our Investigator said that there was no clear mechanism for Revolut to successfully recall or recover these funds either. This means I'm not persuaded I can fairly say Revolut unreasonably hindered recovery of the funds.

I'm sorry Mr L was scammed and lost this money. However, despite my natural sympathy, I can't fairly tell Revolut to reimburse him in circumstances where I'm not persuaded it reasonably ought to have prevented the payments or to have recovered them.

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 L to accept or reject my decision before 20 February 2025.

Neil Bridge
Ombudsman