

The complaint

Mr F complains about Revolut Ltd.

He says that Revolut didn't do enough to protect him when he became the victim of a scam and would like it to refund him the money he has lost as a result

What happened

Mr F was browsing online when he came across an advert for investing in cryptocurrency seemingly endorsed by a well-known British celebrity.

After doing some further research, Mr F found no adverse information about the company offering the investment and found that the website looked professional and genuine.

Mr F then spoke with a representative of the company, who was extremely encouraging and said they could help him achieve his financial goals. He was then put in touch with a financial advisor, who claimed to have experience in the field and answered all of Mr F's questions about how the investment would work, and asked Mr F to provide identity documents to fulfil anti-money laundering checks.

Mr F says that he believed this to be a legitimate company and agreed to invest. Initially, Mr F moved funds from his account with H to Revolut, before making the following transactions from his Revolut account.

Payment	Date	Payee	Payment type	Amount
1	2 May 2023	HB	Transfer	£5,000
2	12 May 2023	TC (crypto)	Transfer	£5,000
3	18 May 2023	TC (crypto)	Transfer	£5,000
4	13 June 2023	TC (crypto)	Transfer	£35,000
5	15 June 2023	TC (crypto)	Transfer	£35,000
6	23 June 2023	TC (crypto)	Transfer	£25,180
7	23 June 2023	TC (crypto)	Transfer	£24,999
			Total	£135,179

The scam unravelled when Mr F asked to make a withdrawal from his account – and was told that he needed to pay more money before he would be able to make his withdrawal, and then due to money laundering concerns, that the Financial Conduct Authority (FCA) required a further £30,000. Mr F could not afford this and having already paid the fees he was told he needed to pay realised that he was being scammed.

He complained to Revolut about what had happened, but it didn't uphold his complaint. He then brought the complaint to this Service.

Our Investigator looked into things and thought that the complaint should be upheld in part – with Mr F bearing some of the responsibility for the loss as he wasn't as careful as he should have been.

Revolut didn't agree, and asked for an Ombudsman to review the complaint, so it was passed to me.

I issued a provisional decision on Mr F's complaint, where I explained that I didn't intend on upholding Mr F's complaint.

Mr F responded through his representative, saying that they didn't agree with my outcome. In summary they said;

- Revolut had a responsibility to monitor transactions
- Revolut should have been more vigilant in monitoring Mr F's transactions, especially given the amounts and frequency of the payments
- Revolut provided Mr F with insufficient warning, and didn't go far enough to discharge its obligations to Mr F
- Revolut was in a better position than Mr F to see where payments were going and provide effective warnings to its customers, and has access to advanced fraud detection systems – and the responsibility to prevent fraud does not rest solely with the customer, especially when they have been misled by a sophisticated scam
- Revolut should have made a human intervention with Mr F, rather than rely on pop up warnings, and that this would have been more effective and alerted Mr F to the scam he was falling victim to.

While I have thought about what Mr F and his representatives have said, the points they have raised have already been considered in my provisional decision – and so I'm afraid that I am not persuaded to depart from my findings set out there.

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 decided not to uphold this complaint. I know this will be disappointing for Mr F, so I'll explain why.

In broad terms, the starting position at law is that banks and other payment service providers (PSP's) are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And I have taken that into account when deciding what's fair and reasonable in this case.

Mr F authorised the payments in question here – so even though he was tricked into doing so and didn't intend for the money to end up in the hands of a scammer, he is presumed liable in the first instance.

But this isn't the end of the story. As a matter of good industry practice, Revolut should also have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there is a balance to be struck: banks had (and have) obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider having been good industry practice at the time, I consider Revolut should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and 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 banks 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, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.
- 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 need to decide whether Revolut acted fairly and reasonably in its dealings with Mr F when he authorised payments from his account or whether it could and should have done more before processing them.

I think that Revolut should have had concerns about what Mr F was doing from the time he made the first payment towards the scam – the payment was much larger than previous activity, and while it may not have been immediately obvious that the payment was going to crypto, it was unusual and suspicious.

Revolut has explained that Mr F selected ‘goods and services’ as the reason for his initial payment – so it was unable to provide a warning that was relevant to Mr F’s circumstances at this time – but it did show Mr F a warning which asked if he had been told to take out a loan.

On the second payment, Mr F selected ‘investment’, and was shown a warning about the payment which included the following;

- Is anyone prompting or guiding you?
- STOP. This could be an investment scam
- Beware of social media promotions
- Don’t give anyone remote access
- Research the investment company
- Don’t rush through these warnings

Mr F continued with the payment, despite being guided by the scammer in what to do or say and having given remote access to the scammer.

I think that the warning at this time was proportionate given the transaction amount. But when Mr F made payment four, given the extremely large increase in value, I think he should have been directed to Revolut’s in-app chat for a human intervention.

However, in order for me to uphold this complaint, I would have to think that a human intervention would have been able to prevent Mr F’s loss at this point – but I am not persuaded that it would have done. I’ll explain why.

Mr F's payment journey began with his other bank, H, where he moved money from in order to make the payments directly to the scammer from Revolut. As part of the investigation, this Service has reached out to H, and asked it about what happened when Mr F made these payments.

H has provided this service with five phone calls it had with Mr F, and information about two personal loans he took out with it to fund the scam.

During these phone calls, Mr F initially told H that he was moving money to Revolut so that he could spend the funds at a preferable exchange rate while in Spain – which was not the case.

Mr F also applied for two loans with H – stating that the purpose was for home improvements, when in fact they were to fund the payments to the scam. He was also questioned about moving this money to Revolut by H, as it clearly had concerns about what he was doing.

During these conversations, Mr F maintained that the money was for home improvements and was clearly annoyed at the repeated questions from H which kept blocking his transfers. H asked Mr F if there were any third parties involved at all – or if he was being guided or told to lie to the bank about what he was doing, which Mr F denied on several occasions.

At one point, H also told Mr F that it couldn't unblock the transfer he was trying to make and referred him to branch with ID to complete the payment. I haven't been provided with notes about what took place, but as the money did eventually leave his account, I think that Mr F was able to convince H to allow the payment to go through.

H wasn't privy to the final destination of the transfers as Mr F didn't divulge important information to it, whereas Revolut was – so he couldn't have used the same reasons for the transfers.

However, even though Revolut knew where the money was going, I am not persuaded that it would have been able to stop the payments with a human intervention.

Mr F had already been shown scam warnings by Revolut that were applicable to his situation – he was being guided with what to say and do and conceal the true nature of the transactions and had also allowed remote access to his device. And he had already shown that he was willing to take out significant loans without divulging the true purpose, and then hide the real reasons for the transfers to H. So even though he would have had to use a different explanation for the payments had Revolut intervened with a human interaction, I don't think that he would have divulged what was really going on and would still have wanted to continue with the payments.

I understand that Revolut attempted to recover the funds paid to the scam on behalf of Mr F but was unsuccessful in doing so – the money from the first payment had already been moved on from the receiving account before it was reported, and in the case of the crypto payments, once the funds have been moved into a wallet in control of the scammer there is nothing that can be done to try and get the funds back.

I am very sorry for the situation Mr F now finds himself in, I know that he has lost a huge amount of money to a scam and now also has a debt that needs to be repaid too due to the actions of an unscrupulous scammer. But the loss he has suffered wasn't caused by Revolut – and I can't ask it to refund him when I don't think it could have prevented what happened.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 20 December 2024.

Claire Pugh
Ombudsman