

## **The complaint**

Mr S complains about Revolut Ltd.

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

## **What happened**

Mr S received a call from an unknown individual supposedly offering an investment opportunity.

Mr S was persuaded to take up the supposed opportunity in the belief that he would be able to make a lot of money, but unfortunately Mr S had fallen victim to a scam.

Mr S realised this when he tried to make a withdrawal from his investment but was told he needed to pay more money in taxes and fees to gain access. Mr S paid the fees, but then realised he had been scammed as he was still not able to make a withdrawal.

Initially, Mr S made his payments from his account with L, but then after L began to question what he was doing, started making payments from his account with Revolut, which I have listed below.

Our Investigator looked into things and thought that the complaint should be upheld in part.

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

I have previously issued a provisional decision on Mr S's case where I explained that I wasn't minded to uphold his complaint.

Mr S then sent some information he had not previously been able to provide to this Service in support of his complaint. Having reviewed this information carefully, I have not been persuaded to change the outcome of my provisional 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 remain of the opinion to not uphold this complaint. I know this will be disappointing for Mr S, especially as he has gone to lengths to find new information to support his complaint. 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 S authorised the payments in question – 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 S when he authorised payments from his account or whether it could and should have done more before processing them.

Looking at the payments Mr S made, I think that Revolut should have had concerns about what he was doing from the initial payment Mr S made – while the account was newly opened, this payment was a large transaction, and appeared to be going to a crypto exchange. I think that as Revolut would have been aware of the risks associated with such a transaction, it should have got in touch with Mr S to ask him about what he was doing and why at this point. Had Revolut intervened at this point, I would have expected it to present Mr S with tailored and dynamic questions and warnings about the risks associated with the payment he was making.

Mr S has already told this Service that at this point, he was still under the spell of the scammer – and that it would have been unlikely that Revolut would have been able to get him to reveal the true extent of what was going on, and I don't think that an intervention at this point would have been able to reveal the scam.

But when Mr S made the payments of £10,656.68, on 29 August 2023, I think that Revolut should have directed Mr S to its in-app chat for a human intervention to discuss what he was doing. This payment was a large increase in value compared to the earlier payments he was making – and again seemingly to a crypto exchange. I would have expected Revolut to ask Mr S about what he was doing and why – the purpose being to uncover a suspected fraud or scam, and depending on the answers provided to it, provide Mr S with an appropriate warning, but Revolut did not do so.

However, in order for me to uphold this complaint, I would have to think that an intervention at this point would have uncovered the scam and I'm afraid that I don't think that it would have done, even taking into account the new information Mr S has provided.

Mr S has already had several interactions with his other bank, L, about what he was doing and why – but unfortunately L wasn't able to uncover the scam. While he was making payments from his account with L, it asked him to come into branch to discuss the payments along with providing identity documents. But Mr S was so taken in by the scammer that he didn't divulge important information to L about what was truly happening – and so it wasn't able to prevent him from making payments as despite receiving warnings about what he was doing, he still wanted to continue.

I understand that Mr S says that at the time he made this payment, he himself was having doubts about what he was doing. And so, an intervention from Revolut could have easily broken the spell and stopped him. Because of this, I asked him to provide the messages that were exchanged between himself and the scammer. After I had issued my provisional decision, Mr S was able to provide some information about this, which I have looked at.

Looking at the information Mr S has provided; I can see that he did question the need to pay more money for the 'tax' he was supposed to be paying and said that something didn't feel right as he was told there was only one tax payment to make. I can't see what the scammer said in response to Mr S to convince him to make the payment as the message is cut off at this point, but it appears that they were able to persuade him to continue.

I know that Mr S says that he could have been swayed by Revolut at this point had it questioned him, but I'm sorry to say that I am still not persuaded this would be the case. As I have explained, I would have expected Revolut to direct Mr S to its in-app chat to discuss the payments – but I don't know if he would have revealed any further details than he had already done. Mr S had already shown that he was willing to continue to make payments, despite warnings, and a visit to a bank branch. And still continued to do so even after he suspected a scam. And while Mr S says that he would have stopped, this is in hindsight.

I am very sorry for the situation Mr S now finds himself in – I know that he has fallen victim to a cruel scam and has lost a lot of money as a result of what has happened. But the fault for the loss lies with the scammer – not Revolut. And I can't ask it to refund him when I don't think it would have been able to prevent some of the loss even if it had intervened in a more meaningful way.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 8 January 2025.

Claire Pugh

**Ombudsman**