

The complaint

Mrs C has complained that Revolut Ltd won't refund the money she says she lost to a scam.

What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here:

In July 2023 Mrs C saw an advertisement regarding an 'investment opportunity' endorsed by a well known celebrity. Mrs C clicked on the link and shortly received an email from the 'managing director' of the scam company.

Mrs C says the scammer convinced her to open an account with Revolut alongside multiple cryptocurrency providers. Mrs C began making payments to the scam company and she says in total she lost £85,901. When Mrs C asked to withdraw her funds (as her balance has increased leading her to believe she had made a profit) she was told she would need to make further payments for tax purposes.

Mrs C says Revolut ought to have asked more in-depth questions about the investment and if they had done so it would have prevented her losses. As such, she wants Revolut to refund the money she lost to the scam, along with 8% and pay compensation.

Revolut looked into Mrs C's complaint but didn't refund the money she says she lost to the scam. It said it followed the proper procedures and as such is not liable for the authorised transactions as per its terms and conditions. It also said it displayed warnings in its in-app chat, put transfers on hold while asking further questions regarding the purpose of payment, and issued educational messages about potential scams. Mrs C chose to proceed.

Mrs C remained unhappy and brought her complaint to our service. Our investigator looked into Mrs C's complaint but didn't recommend it be upheld. So, Mrs C asked for the complaint to be passed to me to consider.

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.

I'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. 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.

In broad terms, the starting position in law is that an EMI is expected to process payments that their customer authorises them to make. It isn't disputed that Mrs C authorised the

payments from her Revolut account. Therefore, under the Payment Services Regulations and the terms of her account, Revolut is expected to process Mrs C's payments, and she is presumed liable for the loss in the first instance.

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 August 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 Mrs C sometimes does);
- 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.

Our service has referenced the relevant rules, codes of practice and good industry practice at the time, in many previous decisions published on our website.

Mrs C opened her account with Revolut on 12 July 2023, roughly a month before the first scam payments was made by Mrs C. As such, it could be argued that this would have made it difficult to detect uncharacteristic payments (given the lack of account history). However, I don't agree that this prevents Revolut from appropriately identifying suspicious activity. I also have to take into consideration other factors.

Mrs C made the first payment of £3,000 on 15 August 2023. I appreciate Mrs C has selected 'cryptocurrency' as a reason for her opening the account. And I have taken into consideration while crypto providers are sometimes used for this purpose, they're also used by many individuals to invest in crypto legitimately. However, given the size of the payment, the date of the payment and where it was going to and considering the fact this was a new payee, in my view, there was enough about the characteristics of this transaction and the activity on the account that ought to have been concerning, such that Revolut should have intervened.

But for me to find it fair and reasonable that Revolut should refund Mrs C, requires more than a finding that Revolut ought to have intervened. I would need to find not only that Revolut failed to intervene where they ought reasonably to have done so or in the way they ought to have done - but crucially I'd need to find that but for this failure the subsequent loss would've been avoided.

That latter element concerns causation. A proportionate intervention will not always result in the prevention of a payment. And if I find it more likely than not that such a proportionate intervention by Revolut wouldn't have revealed the payments were part of a fraud or scam, then I couldn't fairly hold them liable for not having prevented them from being made. In thinking about this, I've considered what a proportionate intervention by Revolut at the relevant time would've constituted, and then what I think the result of such an intervention would most likely have been.

The FCA's Consumer Duty, which was in force at the time these payments were made, requires firms to act to deliver good outcomes for consumers including acting to avoid foreseeable harm. In practice this includes maintaining adequate systems to detect and prevent scams and to design, test, tailor and monitor the effectiveness of scam warning messages presented to customers. As such, firms, have developed warnings to recognise both the importance of identifying the specific scam risk in a payment journey and of ensuring that consumers interact with the warning.

In light of the above, by August 2023, when these payments took place, Revolut should have had systems in place to identify, as far as possible, the actual scam that might be taking place for example by asking a series of automated questions designed to narrow down the type of scam risk associated with the payment she was making – have provided a scam warning tailored to the likely scam Mrs C was at risk from. I accept that any such system relies on the accuracy of any information provided by the customer and cannot reasonably cover off every circumstance.

However, even if Revolut had asked a series of automated questions, as I have highlighted above (which I deem to have been a proportionate intervention at that time), I am satisfied it wouldn't have prevented the loss from occurring at this stage. I say this because Revolut did intervene on future payments and Mrs C was asked to select the purpose for her transfer. Mrs C selected 'crypto currency'. I can see that she was then presented with a warning. Having reviewed the warning, it makes it clear that scammers can pretend to be someone you trust and can make calls, emails and advertisements sound legitimate, amongst other warnings. This situation was very similar to the one Mrs C found herself in and yet this didn't resonate with Mrs C.

I can also see that in later payments Mrs C was asked to answer further questions, such as, is anyone telling you how to answer these questions (amongst other questions) and Mrs C said:

"No I am not being assisted through this questionnaire".

However, in Mrs C's own testimony she provided to our service she has said:

"I was always acting according to the exact instructions and guidance of the scammers, and I was not caused to reconsider these payments at any stage"

Mrs C has also told our service:

"They tutored me as to what to say to the bank."

This contradicts what she told Revolut when it asked Mrs C if she was being guided on how to answer the questions she was being asked.

I have also considered the events which occurred prior to Mrs C making the transactions from her Revolut account. Mrs C sent the funds from an account she held with a third-party bank to her Revolut account. In doing so, some of her payments were blocked and she was asked to go to the branch in order for her payments to be released. She was provided with social engineering videos prior to making payments and if she wished to continue, she would need to go branch to get the payment released. Mrs C advised the money was being sent to her account as she planned to go on holiday and that is what the money was for.

Therefore, it's reasonable to conclude that Mrs C didn't provide the third-party bank with accurate information (despite being given the social engineering videos to watch) which in turn denied it the opportunity to identify the potential scam risk Mrs C was falling victim to.

This supports Mrs C's testimony to our service, that she was being guided by the scammer on what to say to the banks to circumvent the fraud detection systems.

As such and based on how I perceive Mrs C would have answered the questions, if Revolut had intervened on payments one (in the way I have outlined above), I think it is likely, it would have provided Mrs C with a cryptocurrency warning. And, while some of these circumstances would have been similar to Mrs C circumstances (and as such ought to have resonated with her) I think it is likely Mrs C would have proceeded regardless (as we have seen in the later payments she made).

After this Mrs C continued to make further payments towards the scam, but instead of transferring the funds to a cryptocurrency provider, the payments were made to an individual (P2P payments) and to accounts in Mrs C's own name. Again, I am satisfied that the some of these transactions ought to have raised concerns for Revolut, for the same reasons I have outlined above. However, I am aware that it did intervene on several occasions.

On the P2P transfers each time a new payee was added, Revolut asked Mrs C to confirm she knew and trusted the payee and provided a warning reminding her that Scammers can impersonate others. Payment two, (on 16 August 2023), payment four (on 21 August 2023) and payment 23 (on 20 September 2023), Mrs C was asked for the purpose of the payment and she selected cryptocurrency. She was then presented with warnings explaining the transaction had been consider 'high risk', and shown warnings related to investments transfers asking her to ensure she had checked the company was legitimate. Mrs C proceeded.

On transfer five (29 August 2023) and payment 25 (on 29 September 2023) Mrs C was asked a set of questions and invited to Revolut's in-app chat, so it could gather further information. Which is what I would deem was proportionate given the risk the transfers presented (as highlighted above). On payment five (a transfer to the consumers own account) Mrs C confirmed she understood the importance of telling the truth, that she wasn't being guided on what to say and that she was transferring money to her other account, along with other questions. While Mrs C was moving funds to another account in her name, the overall intended purpose for the transfer was for Mrs C to invest. However, this option wasn't selected. On face value, the answers Mrs C provided, matched the nature of the transfer and due to Mrs C not providing accurate information, Revolut was denied the opportunity to identify the potential scam she was falling victim to and provide an adequate warning which was required for Mrs C circumstances.

On payment 25, Mrs C was transferring to a third party individual. Again, Mrs C was invited to Revolut's in app chat to discuss the transaction. Mrs C said she was transferring funds to purchase good and services and the third party was an online retailer. Again, Mrs C confirmed she wasn't being guided by anyone on how to answer the questions. Again, it is apparent Mrs C didn't provide Revolut with the accurate information in order for it to identify the potential scam Mrs C was falling victim to and provide appropriate warnings which would have resonated.

I should also highlight that I have seen evidence Mrs C expressed her dissatisfaction with Revolut intervening on her payments, she said:

"I am demanding you end this circus, I need my account sorted as soon as possible, I am an elderly lady I've been answering these ridiculous questions for several hours and still no development. I am beginning to feel like you are truing to insult my intelligence. I am not being guided by anyone I am more than capable of making my own decisions without any involvement from outsiders. So, stop with the insulting questioning and get my case sorted

out. I have already answered every single question. I have proved that I do not hold you responsible for any of my actions."

So, while I agree, that Mrs C's account activity did look suspicious and did warrant more interventions than Revolut carried out, I am not persuaded that even if Revolut had issued better automated warnings, or more formal interventions (via its in-app chat) it would have prevented Mrs C's losses. When warnings were issued (which ought to have resonated with Mrs C as it was similar to her set of circumstances) she proceeded despite the warnings.

When she was asked further questions on her transfer she at times provided inaccurate answers or didn't provide Revolut with complete information to allow it to identify the scam she was potentially falling victim to. Mrs C on several occasions confirmed she wasn't being guided on how to answer the questions and also expressed her dissatisfaction on being questioned. So, on balance I am satisfied, even if Revolut had carried out for interventions (or formal interventions) it wouldn't have presented Mrs C's losses as she was determined to make the payments and was under the spell of the scammer. As such, it wouldn't be reasonable to conclude that Revolut acted unfairly or unreasonably in such circumstances.

Mrs C's representative on several occasions has raised Mrs C's vulnerability and referred to the FCA principles. I would like to assure both Mrs C and her representative that I have considered the points raised. And while I empathise for the circumstances Mrs C found herself in, I don't think any of the interactions Mrs C had with Revolut highlighted that it ought have been concerned. And as explained above, when Revolut did intervene and carry out more formal interventions (as we would expect with vulnerable consumers) Mrs C didn't always provide accurate information as she was being guided by the scammers on what to say. There has been no evidence submitted to show Revolut had been made aware of Mrs C's circumstances prior to the scam and it had received communication from Mrs C about how she felt it was insulting her intelligence.

I've also thought about whether Revolut could have done more to recover the funds once it became aware of the situation, as in some circumstances the money can be recovered. In regards to the transactions Mrs C transferred to accounts in her own name, as she didn't make the payments to the scammer directly, if these funds had not already been transferred to the scammer by Mrs C they would be in her control to access as and when she chose. Revolut wouldn't have been able to attempt to retrieve the funds from the scammer directly as that is not where the funds were originally sent to.

For the payment by debit card the chargeback process is relevant here. The chargeback scheme is a voluntary agreement between card providers and card issuers who set the scheme rules and is not enforced by law.

A chargeback isn't guaranteed to result in a refund, there needs to be a right to a chargeback under the scheme rules and under those rules the merchant or merchant acquirer can defend a chargeback if it doesn't agree with the request. We would only expect Revolut to raise a chargeback if it was likely to be successful. Based on the available evidence this does not look like a claim that would have been successful.

In regards to the P2P payments it was highly unlikely, even if the scam had been reported sooner, that Revolut would have been able to recover the funds. I say this because, these transactions were made to legitimately purchase cryptocurrency, and sent to third parties, so recovery would have likely failed.

I note that Mrs C has said that she wants compensation for the distress and inconvenience caused and to cover her legal fees. Our service is free to use, and consumers can approach us without the use of legal representation. Whilst I don't dispute Mrs C would have felt

distressed and inconvenienced by the scam she fell victim to, I haven't seen any evidence to persuade me that Revolut should pay Mrs C compensation as a result.

In summary, I know that Mrs C will be disappointed with this outcome. Not least because the matter has been ongoing for some time. I fully acknowledge that there's a considerable amount of money involved here. Despite my natural sympathy for the situation in which Mrs C finds herself, for the reasons given, it wouldn't be fair of me to hold Revolut responsible for her loss.

My final decision

My final decision is that I don't 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 3 October 2025.

Jade Rowe
Ombudsman