

## The complaint

Miss H is complaining about Revolut Ltd because it declined to refund money she lost as a result of fraud.

## What happened

Events appear to have begun when Miss H responded to a fake text about a parcel delivery. A few days later, on 26 October 2023, she was contacted by a scammer who had spoofed a legitimate phone number for a bank she held an account with and claimed to be from its fraud department. The scammer told Miss H her accounts with a number of banks had been compromised and she was guided through a process setting up an account with Revolut and transferring money to that account before it was sent to a cryptocurrency exchange from where it was lost to the scam.

Miss H's complaint concerns the following card payments (all on 26 October 2023) from her Revolut account to a cryptocurrency exchange that were lost to the fraud:

No.	Time	Amount £
1	18.10	1,200
2	18.19	1,439
3	18.40	900
4	18.59	400
5	19.13	643

Prior to payment 1, Miss H had tried to make a payment for £1,200 that was declined by Revolut. Before the payment was put through again, she was asked about the reason for the payment and shown a selection of warning screens. Once she'd been through this process and confirmed she wanted to proceed with the payment, I understand no further intervention was attempted by Revolut.

Miss H has made complaints about other businesses in connection with this scam and I've considered those in separate decisions.

Our investigator didn't recommend the complaint be upheld. She felt Revolut had taken appropriate steps to check the reasons for the first payment. And she felt any further intervention after that wouldn't have been successful in stopping payments to the scam.

Miss H didn't accept the investigator's assessment and (in summary) made the following key points:

- Including payments she made into the Revolut account, there were over 20 transactions on the account on the day it was opened. This should have alerted Revolut to the possibility she was falling victim to a scam.
- When Revolut asked whether she was being guided to make a payment, she didn't associate the word '*guided*' with being '*influenced*'. She thought she was speaking to an agent from her bank's fraud department who was helping her protect her money

and didn't think she was being guided in the way the question implied.

- Once she realised she'd been the victim of a scam, it took several hours to get through to Revolut to report this, meaning any chance to stop the payments was missed.

The complaint has now been referred to me for review.

### **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 the same overall conclusions as the investigator, and for broadly the same reasons. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

In this case, there's no dispute that Miss H authorised the above payments. In making her complaint, Miss H has made a number of references to the Contingent Reimbursement Model (CRM) Code that provides for customers to be refunded in some (but not all) circumstances. But the code isn't relevant here as it only covers payments to third parties, not payments to other accounts in the customer's own name, and Revolut didn't sign up to the code in any event.

In broad terms, the starting position at law is that an Electronic Money Institution (EMI) such as Revolut is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, '*authorised*' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Revolut also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Revolut acted fairly and reasonably in its dealings with Miss H.

#### *The initial payment (before payment 1)*

Miss H tried to make a payment of £1,200 to the same payee before making payment 1. On that occasion, Revolut declined the payment and asked Miss H some questions about it before accepting a new instruction. Given Miss H was transferring money to a cryptocurrency exchange and there was no account history against which it could conclude this was usual account activity, I think it was sensible for Revolut to intervene at this stage.

### *Payment 1*

When Miss H tried to make the payment again (payment 1), Revolut has explained that it asked her to confirm the reason for the payment. From a selection of options that included *'transferring to another account'*, which was the closest description of what she was doing, Miss H selected *'something else'*. Revolut also asked if she was being *'guided'* by anyone else to make the payment and Miss H said *'no'*. Based on her answers, it wasn't possible for Revolut to identify which type of scam (if any) could be taking place and she was then shown a selection of general scam warnings, one of which said:

*Be wary of unexpected calls*

*If someone on the phone urges you to do something quickly, hang up. Call the institution directly to verify it's them.*

Miss H was then asked to confirm if she wanted to continue with the payment.

Based on what it knew about the payment at the time, including the answers Miss H gave to the questions she was asked, and the risks it presented, I think a written warning of this type was a proportionate response. It's unfortunate if Miss H misinterpreted any of the questions being asked but I think they were worded clearly and I've seen nothing to suggest Revolut was aware she may not understand what was being asked. And in any event, I'm conscious she's said she was encouraged by the scammer to answer in the way she did and to ignore the warnings given, which she did based on the belief she was talking to someone from her bank who was helping her protect her money, so I don't think a different form of wording would have led to a different outcome.

### *Payments 2 to 5*

As I understand it, Revolut didn't make any further attempts to intervene before processing payments 2 to 5 and I think it was entitled to take some comfort from the fact Miss H had said she wasn't being guided and had seen relevant scam warnings at the time of payment 1.

This notwithstanding, I think there is a case for saying the high volume of activity on the account throughout the rest of the day could have merited further written warnings of a similar nature. I've thought very carefully about whether further warnings would have made a difference here but, on balance, I think it's most likely Miss H would have wanted to continue with the payments anyway.

The effectiveness of any written warning from Revolut would have depended on the answers it received when it asks about the payments and the willingness of Miss H to take notice of that warning. As she was being guided through this process by the scammer, and as she had done previously, I think it's most likely she'd have been encouraged to answer questions in the same way and to ignore any warnings that were generated. And as she's said she didn't realise she was transferring money to a cryptocurrency exchange, any warnings directly relating to the risks associated with cryptocurrency wouldn't necessarily have resonated with her.

So, even if Revolut had taken further steps to question the payments being made, I don't think it's likely the loss from payments 2 to 5 would have been prevented.

### *Recovery of funds*

I've also looked at whether Revolut could or should have done more to try and recover Miss H's losses once it was aware the payments were the result of fraud. But I don't think anything it could have done differently would have led to the payments being recovered.

First, I think it's important to understand that once the payment instructions had been accepted by Revolut, it was already too late to reverse them. So, any delay in being able to report the scam to Revolut didn't mean an opportunity to stop the payments was missed.

As the payments were card payments, I've considered whether Revolut should have tried to recover the money through the chargeback scheme. This 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 recipient of the payment can defend a chargeback if it doesn't agree with the request.

We'd only expect Revolut to have raised a chargeback claim if it was likely to be successful and it doesn't appear that would have been the case here. Miss H paid a legitimate cryptocurrency exchange and would have received a service that involved changing her money into cryptocurrency before sending it onto the scammer. Miss H's disagreement is with the scammer, not the cryptocurrency exchange and it wouldn't have been possible for Revolut to process a chargeback claim against the scammer as she didn't pay them directly.

#### *In conclusion*

I want to be clear that it's not my intention to suggest Miss H is to blame for what happened in any way. She fell victim to a sophisticated scam that was carefully designed to deceive and manipulate its victims. I can understand why she acted in the way she did. But my role is to consider the actions of Revolut and, having done so, I'm not persuaded these were the cause of her losses.

I recognise Miss H has been the victim of a cruel scam and I'm sorry she lost this money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I don't think any further intervention by Revolut would have made a difference to the eventual outcome and I won't be telling it to make any refund.

#### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 14 April 2025.

James Biles  
**Ombudsman**