

Complaint

Ms M is unhappy that Revolut didn't reimburse her after she told it she'd fallen victim to a scam.

Background

In late 2022, Ms M came across a post on social media promoting a lucrative investment opportunity. She expressed interest and was contacted by someone who introduced himself as Mr D, a partner at an investment firm. She didn't know it at the time, but she hadn't been contacted by a representative of a genuine investment firm, but a fraudster.

She conducted an internet search on Mr D and found that he was a well-known figure in the finance sector. Over the next ten months, Mr D persuaded her to sell her house, promising significant returns through this investment opportunity. Ms M subsequently sold her house and transferred £600,000 from another bank account (Bank A) to her Revolut account to facilitate the payments. She told Bank A that she was making the transfer because she intended to buy a property overseas.

She used her Revolut account to make multiple payments to the fraudsters between July 2023 and January 2024. She was told to download remote access software so that the company could help her with the process of making the investments. The first payment was for £500 but several weeks later she made several payments of £150,000. She was given access to an investment platform and was able to withdraw £2,000, which reinforced her belief that the investment was legitimate.

However, as time passed, Ms M was placed under increasing pressure by the fraudsters. She was informed that her investment was in a "bad place," and concerns arose as she was not receiving the promised returns and had been asked to pay withdrawal fees.

She eventually realised she had been scammed and reported the fraud to Revolut. Revolut investigated but declined to reimburse her. Ms M wasn't happy with that response and so she referred her complaint to this service. It was initially considered by an Investigator who did not uphold it. Ms M did not agree with the Investigator's opinion, and so the complaint has been passed to me for a final decision.

Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations 2017 and the terms and conditions of the customer's account. However, that isn't the end of the story. Good industry practice required that Revolut be on the lookout for payments that were out of character or unusual to the extent that they might have indicated a fraud risk.

The Investigator found that Revolut ought to have been concerned when Ms M made a payment of £150,000 on 31 July 2023. I agree with that conclusion. I accept that this was a new account and so it didn't have data on Ms M's typical spending to help it assess whether an individual payment was out of character. However, I don't think that was necessary here. This was a very large payment, to a relatively new payee and was being sent to a third-party cryptocurrency exchange, with all the associated fraud risk.

Revolut needed to take some steps to protect Ms M from the risk of financial harm. I'm also persuaded that a system generated warning wouldn't have been an adequate response in the circumstances. In my view, Revolut should not have processed that payment without first contacting Ms M to establish the wider circumstances. I can see that Revolut did contact her when she made another large payment several days later. Ms M's representative has argued that Revolut's intervention wasn't good enough here. It argues that Revolut accepted Ms M's answers at face value when it should have questioned them further.

Overall, I agree that Revolut needed to intervene earlier than it did and that it should've probed Ms M's answers to its questions. However, I can't ask it to reimburse her unless I can reasonably conclude that this error was the cause of her loss. There has to be sufficiently strong evidence to show that it's more likely than not that, but for Revolut's shortcoming, Ms M's losses wouldn't have occurred. In other words, I must consider what would have happened if it had questioned Ms M further than it did.

I accept that I can't know with certainty how she would've responded, but I can draw inferences from the way that she did respond to Bank A and Revolut. She provided inaccurate information to Bank A when initially transferring £600,000 to her Revolut account. She told it she was buying a property overseas and provided supporting documentation.

In contrast, she told Revolut that she was planning to invest in cryptocurrency. It asked her several follow up questions to identify whether she was at risk of financial harm. She told it that she had downloaded remote access software. When a Revolut agent questioned her on this further, she explained that she'd downloaded it for reasons that weren't connected with the investment and that her husband had now deleted it anyway.

She has since told us that she answered Revolut's questions based on instructions from Mr D. She says that she relayed each of Revolut's questions to Mr D and answered them based on his guidance. In view of that, it's hard to see how Revolut could've uncovered that this was fraudulent. It ought to have asked her further questions about the investment (and done so earlier than it did) but the evidence suggests it's more likely than not that she would've responded based on Mr D's guidance and ultimately proceeded with the payments anyway.

I don't say any of this to downplay the fact that Ms M has fallen victim to an exceptionally cruel scam. I have a great deal of sympathy for her and the position she's found herself in. However, my role is to look at the actions and inactions of the firm and, while I agree Revolut needed to do more here, I'm not persuaded that its failings were the cause of her losses.

Final decision

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 16 April 2025.

James Kimmitt

Ombudsman