

## **The complaint**

Mr S has complained that Revolut Ltd won't refund money he has lost to a scam.

## **What happened**

The details of the complaint are well known to both parties, so I will not repeat them again here. Instead, I will focus on giving the reasons for my 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.

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 Mr S authorised the payments from his Revolut account. Therefore, under the Payment Services Regulations and the terms of his account, Revolut is expected to process Mr S' payment, and he is presumed liable for the loss in the first instance.

But, 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 September 2024 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 Revolut 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.

Mr S' representative has said, the payment made on 12 September 2024 ought to have triggered Revolut's fraud detection systems and Revolut should have intervened by asking open and probing questions to unveil the scam.

However, it's not in dispute that the payment made on 12 September 2024 was considered as suspicious and a potential risk by Revolut, as its systems were triggered and asked Mr S further information. So, it is for me to consider if its intervention was adequate and proportionate.

I've thought carefully about what a proportionate intervention would have been, considering the risk presented and the circumstances of the scam occurring. In doing so, I've taken into account that many payments that look very similar to this one will be entirely genuine. I've given due consideration to Revolut's duty to make payments promptly, as well as what I consider having been good industry practice at the time this payment was made.

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 September 2024, 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 he was making – as such, they should have provided a scam warning tailored to the likely scam Mr S was at risk from. Having reviewed the evidence, I can see that when Mr S attempted to make the payment on 12 September 2024, Revolut's scam detection controls identified the payment as potentially suspicious. As such, the payment was paused, and Mr S was asked further questions. Revolut told Mr S it believed the payment was potentially a scam. Mr S confirmed he wished to continue and was then presented with what Revolut refers to as a 'truth agreement,' which highlights the importance of Mr S answering the questions openly and honestly. Mr S confirmed he understood and confirmed he wasn't being pressured into making the payment.

Revolut then asked Mr S a series of questions, as follows:

*"Why are you making this transfer"*

Mr S explained he was transferring money to another account of his.

*"What account are you transferring to?"*

Mr S responded *"Other."*

*"Did your bank ask you to make this transfer?"*

Mr S responded *"No"*.

*"Have you been asked to install software?"*

Mr S confirmed *"No"*.

*"Were you told your account isn't safe?"*

Mr S said *"No, no one told me my account isn't safe"*

Is the money going to an account you control?

Mr S explained the money was going to an existing account that he controlled.

Revolut asked Mr S questions to try and narrow down what type of scam Mr S could potentially be falling victim to. It then provided Mr S with targeted scam warnings based on

the information Mr S provided. Mr S continued to make the payment and Revolut encouraged him to get a second opinion and advised the payment would be sent in three hours.

While I can see that Revolut did attempt to identify the type of scam Mr S was falling victim to, and I accept that any such system relies on the accuracy of any information provided by the customer and cannot reasonably cover off every circumstance; I don't think it went far enough in establishing what scam Mr S was falling victim. I say this because Revolut had information available to it which it didn't utilise.

While Mr S was transferring money to an account in his own name, this was a cryptocurrency wallet, and I am satisfied Revolut would have been aware of this. I've also considered that Mr S had declared for "crypto purposes" as the reason for opening his account and there has been previous history linked to cryptocurrency on the account. Considering these factors together, I think it would have been prudent of Revolut to have asked further questions about the payments, which would have led to it providing a cryptocurrency targeted scam warning.

However, even if Revolut had done this, I am satisfied it wouldn't have prevented further losses. I say this because, it is evident, based on the questions Revolut asked Mr S (compared to the testimony he presented to our service), he didn't provide accurate answers to the questions Revolut had asked. As such, I think it is reasonable to conclude, Mr S wouldn't have provided accurate answers to the further questions Revolut asked, and as such, denying it an opportunity to identify the scam he was falling victim to.

Secondly, Mr S had opened the account for crypto purposes and from the account activity it is evident this wasn't his first experience with cryptocurrency. As such, a specific crypto currency warning wouldn't have resonated with Mr S as suspicious, as he was aware he was transferring money to his crypto wallet.

Lastly, while Mr S was falling victim to an investment scam, he didn't provide accurate information to Revolut for it to provide him with an investment scam warning. As such, the warning which was generated (based on the answers provided) wouldn't have resonated with Mr S as it didn't align with his circumstances and therefore wouldn't have unveiled the scam. I can't reasonably hold Revolut responsible for this.

I appreciate that Mr S' representative is of the opinion a more formal intervention should have occurred, with Revolut asking open and probing questions. But as I have explained above, I don't think that was proportionate for the risk the transfer presented. Mr S regularly made payments, Mr S had provided 'crypto' as the reason for opening the account and this wasn't his first time trading. Furthermore, he wasn't forthcoming with the reasons for the transfer, as such, I have to consider what intervention was proportionate for the risk the payment presented.

So, whilst I do consider Revolut could have gone further with the intervention and provided Mr S with a cryptocurrency scam warning, I don't think a warning (as I have highlighted above) would have made a difference to Mr S. It follows that I can't reasonably hold Revolut responsible for Mr S' losses.

#### Recovery

I have gone on to consider if Revolut took reasonable steps to try and recover the funds once it was made aware. Mr S didn't make the payments to the scammer directly, he transferred his funds to crypto wallets in his own name. If these funds had not already been transferred to the scammer by Mr S, they would be in his control to access as and when he chose. Revolut would not have been able to attempt to retrieve the funds from the scammer

directly as that is not where the funds were originally sent to. So, it follows that I won't be asking Revolut to do anything further.

I am aware prior to the Payment made on 12 September 2024, Mr S made a debit card payment on 16 July 2024 for £209.82. As this is a debit card payment, 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. Under those rules, the merchant or merchant acquirer can defend a chargeback if it doesn't agree with the request. Unfortunately, the chargeback rules don't cover scams.

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 chargeback claim that would have been successful.

### **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 Mr S to accept or reject my decision before 14 August 2025.

Jade Rowe  
**Ombudsman**