

## The complaint

Mr A complains that Revolut Ltd won't reimburse him after he fell victim to an investment scam.

Mr A is professionally represented in bringing his complaint, but for ease of reading, I'll refer to all submissions as being made by Mr A directly.

## What happened

Mr A has explained that he saw an advertisement on a social media platform offering investment opportunities, whereby customers could invest £250 and receive £5,000 in a week using 'quantum AI technology'. Interested by the opportunity, Mr A registered his interest online and was contacted by an individual claiming to be a financial advisor. Unfortunately, unknown to Mr A at the time, this individual was in fact a fraudster.

The fraudster instructed Mr A to download screen sharing technology, as well as how to open cryptocurrency accounts. Mr A initially made payments from another of his banking providers to cryptocurrency platforms, believing he was investing. From the cryptocurrency platform, the money was then passed on to the fraudster. However, the fraudster then advised Mr A to open a Revolut account, where further payments were made from. As well as payments made towards a perceived investment, Mr A also received falsified emails from 'cryptocurrency providers' alleging that he needed to complete 'cashflow registration' processes to meet anti-money laundering requirements. These requests required him to make further deposits into his account before he could withdraw his funds.

Mr A opened his Revolut account on 6 October 2023 and made the following payment transfers towards the scam, each to a different payee:

Date	Value
26/10/2023	£2,450
27/10/2023	£2,500
31/10/2023	£5,000

Mr A has said that while he was aware of the payments being made, it was the fraudster completing the payment process on his behalf through screen sharing software.

When making each payment, Revolut has said that when adding the beneficiary's details, Mr A would've been provided with the following warning message:

### ***Do you know and trust this payee?***

*If you're unsure, don't pay them, as we may not be able to help you get your money back. Remember, fraudsters can impersonate others, and we will never ask you to make a payment.'*

Mr A was required to acknowledge this message before proceeding with each payment. Mr A was then asked for the purpose of the payment (where he selected the '*goods and services*' option each time.) For each payment, Mr A was then asked a number of questions - each time he confirmed he wasn't being coached in answering questions, that he was buying goods from an online retailer, the price for those goods was average price, he had checked online reviews and seen proof of ownership. Revolut showed Mr A some further educational story information, after which it allowed the payments to proceed.

However, when Mr A continued to receive further requests for funds that he didn't have, Mr A contacted one of the cryptocurrency providers that had appeared on his falsified emails and at this point, the scam came to light.

Mr A raised a claim with Revolut, but it declined to reimburse him. It said it provided sufficient scam warnings, prior to processing Mr A's payments. It also advised it attempted to recover Mr A's funds from the beneficiary accounts but unfortunately, no funds were available.

Mr A remained unhappy and referred his complaint to our service. An investigator considered the complaint but didn't uphold it. He thought that the dynamic questioning posed by Revolut for the payments made was proportionate to the risk posed - and as Mr A didn't select the most appropriate payment option available (making an investment), the answers Mr A provided didn't warrant further intervention.

Mr A disagreed with the investigator's findings. To summarise, he said that:

- His account with Revolut was set up for the purpose of the scam and was immediately used to send around £10,000 to new payees in just a few days;
- The final payment made towards the scam was double that of previous payments and should have been stopped for further questioning;
- Mr A did not mean to select an incorrect payment purpose, he just chose an option. This should not be used to absolve Revolut of its liability.

As Mr A remained unhappy, the complaint has been referred to me for a final 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 at law is that an Electronic Money Institution ("EMI") such as Revolut is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

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 October 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;
- 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.

Additionally, by October 2023, when this scam took place, The Financial Conduct Authority's 'Consumer Duty' was in force, which requires financial services to act to deliver good outcomes for their customers.

It isn't in dispute that Mr A has fallen victim to a cruel scam here, nor that he authorised the disputed payments he made from his account, but I've thought about whether Revolut should have reasonably intervened further, prior to processing the payments. Having considered the available evidence, I think the steps Revolut took to protect Mr A from financial harm from fraud were proportionate in the circumstances of the complaint. I'll explain why.

Mr A had only opened his Revolut account weeks before the scam took place, and had only used the account minimally before the scam payments (most payments being transfers between accounts in Mr A's name). So Revolut had a limited account history to consider when assessing whether these payments were out of character or not. As a result, I don't think Revolut could reasonably have known whether the first two payments Mr A made towards the scam carried a higher risk of fraud or not.

I think that by the time Mr A made the third payment, the payment values were sufficient that Revolut ought to have provided a tailored warning to Mr A, based on answers to dynamic questions (as, in reality, it did on all three payments). However, as the answers Mr A provided weren't the closest linked to the scam Mr A was falling victim to, I don't think Revolut could have reasonably determined from Mr A's answers that there was a need to further intervene on these payments. I therefore think the level of questioning Revolut undertook was sufficient in the circumstances.

I understand Mr A has said that the fraudster was completing the payment process on his behalf via screen sharing. Based on our understanding of Revolut's systems at this time, as well as what it's told us in this complaint, Mr A wouldn't have been able to complete the entire payment process through screen sharing technology and so Mr A would have been required, at least in part, to complete this process himself. In any event, even if it wasn't Mr A reviewing the payment screens himself, I think this unfortunately only further solidifies that any dynamic warnings Revolut could have provided would have been bypassed as part of the scam, as it wasn't Mr A reviewing them.

I've also thought about Mr A's argument that Revolut shouldn't be absolved of liability based on an incorrect payment purpose option. I agree that, in some circumstances, it may be considered appropriate for further intervention to take place, regardless of payment purpose options selected – for example if the payment values were sufficiently concerning, or there were red flags surrounding the beneficiary. However, I have to also take into account that Revolut has a balancing act to strike between protecting its customers without unduly inconveniencing them – and the aim of the questions it poses are to identify where customers may be at risk, provide a relevant warning and take further action where appropriate. I therefore can't conclude it's unreasonable for Revolut to, in the correct circumstances, deem tailored questioning and warnings as sufficient intervention, where no clear scam risk is identified.

I've also considered whether Revolut did enough to recover Mr A's funds, once it was made aware of the scam. Revolut has confirmed that it attempted to recover funds from all three beneficiaries, but unfortunately, was unsuccessful. As Mr A didn't raise the scam payments with Revolut until over a month after the final payment had been made, I don't think any swifter action on Revolut's part would have impacted its ability to recover Mr A's funds.

Overall, while I'm sorry to disappoint Mr A, and while I don't underestimate the impact this cruel scam would have had on him, I don't think Revolut is liable for his losses and I'm therefore not directing it to reimburse him.

### **My final decision**

My final decision is that I don't uphold Mr A's complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 28 April 2025.

Kirsty Upton  
**Ombudsman**