

The complaint

Mr U complains Revolut Ltd won't refund the full amount of money he lost to a scam.

What happened

The background to this complaint is well-known to both parties, so I won't repeat it in detail here. But in summary and based on the submissions of both parties, I understand it to be as follows.

Mr U complains that on 15 and 17 May 2024 he sent three payments to what he thought was a legitimate investment.

Mr U says he came across an advert on a well-known social media platform and after expressing his interest in the investment, was contacted by the scammer.

Mr U made three payments to the scammer's, but it was when he was asked to pay a significant amount of money to release his profits that he realised he'd been scammed. So, Mr U raised a complaint with Revolut.

Revolut looked in the complaint but didn't uphold it. So, Mr U brought his complaint to our service.

Our investigator looked into the complaint but didn't uphold it. Our investigator found that Revolut did intervene by asking Mr U a series of questions to establish more details about the payment, but he wasn't accurate with his responses to the questions it asked. She also found that had Revolut spoken to Mr U, it was unlikely this would've stopped him making the payments, based on an intervention from another bank Mr U used as part of the scam.

Mr U didn't agree with the investigator's view. So, the complaint's been passed to me to decide.

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 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 focused 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'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.

I don't doubt Mr U has been the victim of a scam here – he has lost a large sum of money and has my sympathy for this. However, just because a scam has occurred, it does not mean Mr U is automatically entitled to recompense by Revolut. It would only be fair for me to

tell Revolut to reimburse Mr U for his loss (or a proportion of it) if: I thought Revolut reasonably ought to have prevented all (or some of) the payments Mr U made, or Revolut hindered the recovery of the payments Mr U made – whilst ultimately being satisfied that such an outcome was fair and reasonable for me to reach.

I've thought carefully about whether Revolut treated Mr U fairly and reasonably in its dealings with him, when he made the payments and when he reported the scam, or whether it should have done more than it did. Having done so, I've decided to not uphold Mr U's complaint. I know this will come as a disappointment to Mr U and so I want to explain why I've reached the decision I have.

I have kept in mind that Mr U made the payments himself and the starting position is that Revolut should follow its customer's instructions. So, under the Payment Services Regulations 2017 (PSR 2017) he is presumed liable for the loss in the first instance. I appreciate that Mr U did not intend for his money to ultimately go to fraudsters – but he did authorise these payments to take place. However, there are some situations when a firm should have had a closer look at the wider circumstances surrounding a transaction before allowing it to be made.

Considering the relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time - Revolut should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and 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 payment service providers are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases decline to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.
- Have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multistage 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.

So, I've thought about whether the transactions should have highlighted to Revolut that Mr U might be at a heightened risk of financial harm due to fraud or a scam.

The first successful payment Mr U made was larger than had left his account before and was going to a known cryptocurrency provider. So, I would have expected Revolut to have been concerned Mr U was at risk of financial harm, which it was. Although Mr U had made some larger payments within 12 months of the scam, I still find this was a significant jump in value in comparison.

Revolut have told us that it did stop the first payment he made that day to a well-known cryptocurrency provider and asked a series of questions to establish more about the payment and risk involved. Mr U didn't answer the questions accurately, but he was still given a tailored warning that matched the scam he was falling victim to. But Mr U went on to make the payments anyway. I'm satisfied given the value of the payments and the risk that

could be identified, this was a proportionate warning given the circumstances of the payment.

Our investigator has correctly pointed out that the other bank Mr U used to send payments to the scam did stop a payment and an advisor spoke to Mr U. As well as not providing an accurate response to the payment purpose, Mr U told the advisor that he didn't intend to send the payment on after it entered his own wallet, he wasn't being guided by anyone and he hadn't downloaded any screen sharing software. Mr U also said he was being guided by his son. All of the above wasn't an accurate reflection of what was really happening.

Having considered the answers Mr U was giving, I'm satisfied that his story seemed plausible and wouldn't have raised any red flags with that bank's employee.

As Mr U did not provide accurate responses to questions with either firm, he denied it the opportunity to attempt to uncover the scam and prevent his losses. Even if Revolut had asked further questions (which I'm not convinced it needed to) or changed the way it intervened, I'm not persuaded that Mr U would have been open and honest with his answers to those either.

I am sorry to hear about the vulnerabilities Mr U had at the point he made these payments. The impact this had on Mr U is not something I have overlooked when reaching my decision either. However, I have not seen a pattern emerge that would have highlighted to Revolut that Mr U had vulnerabilities outside of his age or an illness, or that they may have been impairing his decision-making during this scam. I am empathetic towards him, but I do not consider his vulnerabilities, in isolation of any other clear indicators of a potential risk of financial harm, to be something that should have triggered further red flags for Revolut.

Recovery

After the payments were made, I couldn't reasonably expect Revolut to have done anything further until Mr U told it that he had been scammed.

Mr U transferred funds to a legitimate crypto exchange in his name. From there, he purchased cryptocurrency and moved it onto a wallet address of his choosing (albeit upon the scammers instructions). If Revolut tried to recover the funds, they could only have tried to recover funds from Mr U's own account and we know those funds were moved on and if not, they would be in Mr U's control to access and send back. Mr U also looks to have had most of this money back before sending the final two payments.

In relation to the two direct payments Mr U made to the scammer's wallet, the sending of cryptocurrency isn't a regulated activity, so our service doesn't have jurisdiction to consider whether Revolut could recover these funds. Having said that, it's worth noting that our service doesn't believe that cryptocurrency transfers are reversible or can be recovered in any event.

Because of the above, I'm not persuaded Revolut could have successfully recovered Mr U's funds.

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 U to accept or reject my decision before 31 May 2025.

Tom Wagstaff
Ombudsman