

The complaint

Mrs J complains that Revolut Ltd hasn't protected her from losing money to a scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat everything here. In brief summary, Mrs J has explained that in December 2023 she made seven transfers totalling £17,790.25 (including fees) from her Revolut account as a result of what she thought was a legitimate job opportunity.

Mrs J subsequently realised she'd been scammed and got in touch with Revolut. Ultimately, Revolut didn't reimburse Mrs J's lost funds, and Mrs J referred her complaint about Revolut to us. As our Investigator couldn't resolve the matter informally, the case has been passed to me for a 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.

Having done so, I've decided to not uphold Mrs J's complaint for materially the same reasons as our Investigator. I'll explain why.

The Payment Systems Regulator's APP scam reimbursement (ASR) rules are new rules that have been implemented to reimburse consumers who are the victims of scams in certain circumstances. However, these were introduced on 7 October 2024 and aren't retrospective, so they don't apply to this case. Likewise, the Contingent Reimbursement Model (CRM) is a voluntary code introduced in 2019 also to reimburse consumers who are the victims of scams in certain circumstances. But Revolut hasn't signed up to the CRM code, and so this doesn't apply to this case either. However, there are other various and longstanding expectations of payment service providers like Revolut to be alert to fraud and scams. Ultimately, however, whilst I don't doubt Mrs J has been the victim of a cruel scam here, and she has my heartfelt sympathy, she has suffered her loss because of fraudsters. This doesn't automatically entitle her to a refund from Revolut. It would only be fair for me to tell Revolut to reimburse Mrs J her loss (or part of it) if I thought Revolut reasonably ought to have prevented the transfers (or some of them) in the first place, or Revolut unreasonably hindered recovery of the funds after the transfers had been made; and if I was satisfied, overall, this was a fair and reasonable outcome

Prevention

I accept these were authorised transactions even though Mrs J was tricked. So although Mrs J didn't intend the payments to be lost to scammers, Mrs J is presumed liable for the loss in the first instance. 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 December 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;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- 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 including in relation to card payments);
- 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.

In this case, Revolut has presented information that shows it did intervene in some of Mrs J’s payments. Our Investigator’s assessment provided a good summary of this. All seven payments were made to the same beneficiary and when setting up this beneficiary for the first time, Mrs J would have been shown a warning, in-app, which said, *“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”*. Before Revolut allowed Mrs J to proceed with her first payment, it also asked her some questions about the transfer; in response Mrs J told Revolut that she was making the transfer as part of a crypto investment; that she’d invested in crypto before; that she’d been told about it by a friend or family member; and that she’d checked if the firm was on the FCA register.

Mrs J’s second payment was completed on the same day to the same beneficiary and this payment also alerted Revolut’s systems which again asked Mrs J some questions which led to Revolut inviting Mrs J to the in-app feature to chat with a Revolut agent. Within this in-app chat, Mrs J confirmed again that she was making the payment for a crypto investment and that it was safe. Revolut then warned Mrs J regarding impersonation/investment scams and said fraudsters may tell you to ignore warnings which Revolut advised customers not to do; Mrs J confirmed she wasn’t being guided to make the transaction. Mrs J also provided Revolut with a screenshot which made Revolut think she held a Binance account in her name for crypto purposes. Revolut also stopped another transaction on 12 December 2023 where it provided similar warnings and Mrs J provided similar responses.

It seems Revolut realised Mrs J was at heightened risk of financial harm from fraud; that's why it intervened before allowing some of her payments through. And I'm satisfied Revolut ought to have been concerned. However, whilst, like our Investigator, I think Revolut's interventions ought to have gone further than they did, I agree with our Investigator that most likely this wouldn't have made a difference. In other words, I think that even if Revolut's interventions had gone further, as I think they reasonably ought to have done, that unfortunately Mrs J, most likely, would still have gone ahead with payments of this nature and therefore lost this money to the scammers, such that it wouldn't be fair to hold Revolut responsible for Mrs J's loss.

I say this because Mrs J has said herself that the fraudsters *"wrote and sent me every word I had to say to Revolut. The fraudsters said to me to write to Revolut that the payments were for cryptocurrency investment and they provided me a screenshot of my Binance account and they asked me to send to Revolut. There does not exist any Binance account on my name. They made up everything. They told me to follow their steps otherwise I will lose all my deposit, all my funds. I was really afraid"*.

I take on board why Mrs J has said she wasn't forthcoming with Revolut when engaging with its fraud and scams interventions. And I do think Revolut's warnings about crypto ought to have extended further than what it warned Mrs J about. However, I'm not persuaded Mrs J would have been open to such warnings at the time unfortunately. Certainly there are cases where proportionate intervention and appropriate warnings could have prevented losses to a scam, but I'm not persuaded this is most likely one of them. Mrs J seems to have been sufficiently under the spell and control of the scammers, as she's made clear in her submissions, and whilst she may have had doubts at some stage, she continued to make payments to the scam regardless, and her interactions suggest to me that even if Revolut had done more than it did she wouldn't have properly engaged or otherwise acted materially differently – I think most likely she would instead have been focused on continuing to follow the scammers' instructions to make the payments regardless. This means in this case I'm not persuaded I can fairly say Revolut unreasonably failed to prevent Mrs J's payments.

I'm aware that Mrs J has said that if Revolut had closed her account as a different EMI did, she wouldn't have lost so much money. However, I'm not persuaded from Mrs J's answers to Revolut's interventions that I'd reasonably expect Revolut to have closed her account, and even if it had, I think, like our Investigator, that most likely Mrs J would simply have found a way to make the payments through different channels – as this seems to be what happened when her Wise account was closed. Mrs J also said Revolut ought to have called her, but I'm not persuaded I can say Revolut ought to have been obliged to have called her here. The in-app interventions ought reasonably to have been effective and I can't reasonably blame Revolut here for not preventing the transactions – instead I think the material reason the payments weren't prevented here is that Mrs J was prepared to follow the scammers' instructions no matter Revolut's reasonable intervention attempts.

Recovery

After the payments were made on 11 and 12 December 2023, I couldn't reasonably expect Revolut to have done anything further until Mrs J notified it she'd been scammed. When that happened, I'd expect Revolut to have acted to recover the funds, and if any delays or acts or omissions on Revolut's behalf likely led to a situation whereby it unreasonably hindered recovery of those funds from the recipient account, I'd seek to award compensation to reflect that. Here, however, I'm not persuaded Revolut unreasonably hindered recovery of the funds. Mrs J didn't report she'd been scammed until a few days after the payments, and I think given the circumstances of this case, not only were the funds unfortunately unavailable

for recovery for Revolut, but I don't think they likely would ever have been recoverable by Revolut no matter how quickly it did or did not act after Mrs J told it she'd been scammed.

I'm really sorry Mrs J was scammed and lost this money. But despite my natural sympathy, I can't fairly tell Revolut to reimburse her in circumstances where I'm not persuaded it reasonably ought to have prevented the payments or to have recovered them.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 25 March 2025.

Neil Bridge
Ombudsman