

Complaint

Ms E is unhappy that Revolut Ltd didn't reimburse her after she fell victim to a scam.

Background

In March 2023, Ms E saw an advertisement on a social media platform promoting an investment opportunity. It appeared to have been endorsed by a well-known public figure. She followed a link on the advert and completed a form to register her interest with the company purporting to promote it. Unfortunately, this wasn't a genuine investment opportunity, but a scam.

Someone called her who claimed he was an employee of the company. He said that he would manage her investment and that his focus would be on earning her a return by investing her money in cryptocurrency. He gave Ms E access to a trading platform which appeared to show how her investment was performing. Her initial investment was for £170 and made from an account with a different business. A few weeks later, she was told that the investment had grown significantly but that, in order to access her funds, she needed to make further payments. These were described as "*anti-money laundering fees*." She made two payments in April 2023 for £8,000 and £7,000 respectively.

When asked what the purpose of the payment was, Ms E said that she selected "*goods and services*". I understand she did this at the request of the fraudster. As a result, the Revolut app displayed several warnings that related to purchase scams. It asked Ms E to check that the price of the goods/services wasn't too good to be true, to research the seller and so on.

Once she realised that she'd fallen victim to a scam, she notified Revolut. It didn't agree to reimburse her. It said it had done everything it could to protect her in the circumstances. In particular, it pointed to the warnings that it had displayed during the payment process. Ms E wasn't happy with that and so she referred her complaint to this service. It was looked at by an Investigator who upheld it in part. Revolut didn't agree with the Investigator's opinion and so the complaint has been passed to me to consider.

Findings

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

I issued provisional findings on this complaint. I wrote:

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 (in this case, the 2017 regulations) 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 account activity or payments that were unusual or out of character to the extent that they might indicate a fraud risk. Where it does have grounds to be concerned, it needed to take steps to warn its customer about the risk of proceeding. Whether a warning should be

provided (and, if it should, the nature and extent of that warning) should be proportionate to the risk the payment presents and strike a balance between trying to protect customers and not unduly inconveniencing them.

In this instance, Revolut identified that there was a potential fraud risk associated with the first payment. It asked Ms E several questions. In the end, it provided her with a warning that wasn't relevant to her circumstances because it had been generated based on the information she'd volunteered. Unfortunately, Revolut's efforts to protect Ms E from fraud were impaired by the fact that she told it the payments were for goods and services. She'd been asked to do this by the fraudster, so it's difficult to see what more Revolut could've done in the circumstances.

I have considered whether there were any other obvious risk factors that might have indicated it shouldn't have taken Ms E's answers to its questions at face value. For example, if Revolut knew that the payment was being made to purchase cryptocurrency, that would be something it would need to weigh up when determining the fraud risk associated with the payment. However, it's not clear to me that it would've known that the destination of the payments was a cryptocurrency exchange. These were bank transfers to an international account that belonged to a company that operated a cryptocurrency exchange. Revolut would most likely have known the name of the payee. But it's not one of the major crypto platforms and I wouldn't have expected it to automatically assume that the destination of the payments was cryptocurrency.

I don't say any of this to downplay or diminish the fact that Ms E has fallen victim to a cruel and cynical scam. I have a great deal of sympathy for her and I acknowledge that this has put her in an extremely difficult financial position. However, my role is limited to looking at the actions and inactions of Revolut and I'm not persuaded it did anything wrong in processing these payments.

Ms E's representatives did not agree with the provisional decision. They highlighted that they had referred several other complaints to Revolut involving the same payee. In their view, this meant that Revolut could have been aware, from those previous complaints, that the payee in this case was a cryptocurrency exchange. With that knowledge, they argued, Revolut could have assessed the fraud risk accordingly.

I accept the point being made. While Ms E was not paying one of the major cryptocurrency exchanges, it would still be reasonable to expect Revolut to update its fraud detection assumptions based on other complaints it had received. However, I am not persuaded that this changes the overall outcome in this case. I do not consider that the risks involved were such that human intervention was necessary. A proportionate response to the risk would have been to make inquiries about the payment and provide a general warning covering the risks most relevant to Ms E as a customer.

Fundamentally, the warnings Revolut provided to Ms E were based on the information she shared with it—specifically, the payment purpose she selected. Ms E also told us that she had chosen this purpose because she had been advised to conceal that the transaction related to cryptocurrency investment, as established financial businesses were generally wary of the risks associated with cryptocurrency.

As such, I don't think there's good reason to depart from the conclusion I outlined in my provisional decision that Revolut's efforts to protect Ms E from fraud were hamstrung by the information she told it and that it's hard to see what more Revolut could've done in the circumstances.

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 E to accept or reject my decision before 4 March 2025.

James Kimmitt
Ombudsman