

## **The complaint**

Mr L complains that Revolut Ltd hasn't protected him from losing money to scams – an investment scam and a follow-on recovery scam.

## **What happened**

The background to this complaint is well known to both parties, so I won't repeat everything here. In brief summary, Mr L has explained that in October and November 2022 he made six payments from his Revolut account as a result of being scammed. Mr L made the first four payments, which totalled £14,900, between 13 October and 10 November 2022 to fund what he thought was a legitimate investment. Mr L made the last two payments, which totalled £2,748.69 (including fees), to pay what he thought was a legitimate business trying to recover the funds he'd now lost to the investment scam.

Ultimately, Revolut didn't reimburse Mr L's lost funds, and Mr L referred his complaint about Revolut to us. As our Investigator couldn't resolve the matter informally, the case has been passed to me for a decision.

I sent Mr L and Revolut my provisional decision on 17 January 2025. Now both parties have had fair opportunity to respond, I'm ready to explain my 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.

Mr L's representative has made some points in response to my provisional decision about what they think Revolut ought to have done, and what they think this would have resulted in. But I already considered these issues carefully before I issued my provisional decision, and what Mr L's representative has said hasn't caused me to change my mind. And Revolut didn't reply to my provisional decision. So I have found no reason to depart from my provisional decision – having reviewed everything carefully again, I've reached the same conclusions and for the same reasons. I've explained my reasons again below.

First, let me say, I don't doubt Mr L has been the victim of scams here. He has my sympathy. Ultimately, however, Mr L has suffered his loss because of fraudsters, and this doesn't automatically entitle him to a refund from Revolut. It would only be fair for me to tell Revolut to reimburse Mr L his loss (or part of it) if I thought Revolut reasonably ought to have prevented the payments (or some of them) in the first place, or Revolut unreasonably hindered recovery of the funds after the payments had been made; and if I was satisfied, overall, this was a fair and reasonable outcome.

## Prevention

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 and November 2022 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 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, I understand Revolut has explained that it did intervene with regards to payment three (the £5,800 transfer, the first of two payments both on 10 November 2022). It’s said it declined this payment, that Mr L would have been shown, in-app, a warning that the transaction was highly suspicious and that it had declined it to protect him; but that it wouldn’t decline it if Mr L decided to make it again (which he then did). Revolut has also said Mr L would have been shown general fraud warnings when setting up each new beneficiary.

I think Revolut should have done more than this. Mr L’s first payment to the scam appears to have been the first payment made from his Revolut account. Revolut didn’t have a relevant account history from which to decipher whether this might be unusual or concerning for Mr L’s account, but I think the first two payments, for the amounts and spaced as they were, weren’t of the nature where I’d expect Revolut to have yet intervened. I do think, however, that the third payment warranted a greater intervention than that which Revolut has said took place. This payment was for over £5,000, to a new beneficiary, and I think Revolut ought reasonably to have tried to identify the likely scam risk in play and to have provided Mr L with a tailored written warning that covered the scam risk identified. I wouldn’t reasonably have expected Revolut to escalate this though further, for example at the time Mr L instructed his fourth, fifth and six payments, given their nature, amount and spacing. And here, I’m not persuaded, if Revolut had endeavoured to have provided a tailored written warning that covered the risk identified with regards to the third payment, as I’ve said I think it should have done, that this would have made a difference and prevented Mr L from proceeding with the payments anyway.

I say this because the money lost to the scam from Mr L's Revolut account was funded by payments into his Revolut account from a different account he held with a third-party bank who in this decision I'll call Bank A. These funds from Mr L's account from Bank A were in turn, at least with regards to Mr L's first four payments out of his Revolut account, funded by way of three separate loans Mr L took out and had paid into his account with Bank A. In any event, Bank A has sent us information about intervention calls it had with Mr L regarding payments he made from his account with them to his Revolut account. I've listened to recordings of telephone calls which occurred in October 2022 between Bank A and Mr L in this regard. From these call recordings I note that Mr L gave Bank A a story about his £4,000 transfer to Revolut (and the corresponding £4,000 loan that funded it) being for a forthcoming trip abroad he was planning; Bank A warned Mr L that there were lots of instances of customers being persuaded by clever fraudsters to transfer money around and that he should not have been told to lie about his payments; Bank A asked Mr L if anyone had phoned him recently asking him to make the loan application; Mr L maintained his cover story about his trip abroad, even when Bank A asked him whether he'd been asked by a third party to use his Revolut account for investment purposes, to which Mr L said no.

Overall, it's clear Mr L wasn't upfront with Bank A. Instead, it looks like he'd been coached not to be transparent. It seems from the evidence of communications between Mr L and the scammers that Mr L was indeed being coached and was in discussions with the fraudsters who asked him to download and allow the use of remote access software at the time of the payments. And in this case, I'm not persuaded that a reasonable and proportionate level of intervention from Revolut would have prevented Mr L from still proceeding with the payments. I think that, as he did with Bank A, Mr L, being under the spell of the scammers as he clearly was, most likely would sought to have conceal the real reason behind his payments, such that – and given his close communication and direction from the fraudsters at the time – any proportionate warnings from Revolut would not reasonably, most likely, have stopped Mr L from wanting to proceed with things at the time.

### Recovery

The only potential avenue for recovery of the first two payments (which were made by debit card) would have been through the chargeback scheme. However, I understand these payments were made from Mr L's Revolut debit card to a legitimate crypto exchange (and not directly to the scammers). This means the merchant here, for chargeback purposes, would be the crypto exchange (and not the scammers). The crypto exchange would have legitimately provided the services intended, exchanging Mr L's payments into cryptocurrency. The subsequent transfer of the cryptocurrency onto the scammers would not give rise to a valid chargeback claim through Revolut. So I don't think these payments were recoverable through Revolut once they had been made.

And with regards to the remaining payments – payments three to six, which were all bank transfers – I've seen information from which I can see that after Mr L notified Revolut he'd been scammed, that Revolut tried to recover these payments from the respective recipient accounts. However, it's common for fraudsters to quickly spend the money from their accounts to prevent recovery like this. And unfortunately in this case Mr L didn't notify Revolut that he'd been scammed until some time after the payments, such that it wasn't likely the funds would be recoverable. And I can see that Revolut did reasonably try nonetheless but it wasn't able to recover any of the funds, which unfortunately I don't find surprising given the circumstances.

I'm sorry Mr L was scammed and lost this money. He has my sympathy. However, I can't fairly tell Revolut to reimburse him 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 Mr L to accept or reject my decision before 3 March 2025.

Neil Bridge  
**Ombudsman**