

03 September 2023	017 Capital SP Z OO	Transfer	£2,000.00
03 September 2023	Goat Finance UAB	Transfer	£2,000.00
04 September 2023	ChaosOTCs.r.o.	Transfer	£2,000.00
06 September 2023	017 Capital SP Z OO	Transfer	£1,500.00

Mr O disputed the above with Revolut. When Revolut refused to reimburse Mr O, he raised a complaint, which he also referred to our Service.

One of our investigators considered the complaint and did not uphold it. In summary, the investigator thought Revolut had done enough to try to protect Mr O from financial harm from fraud. Mr O rejected the investigator's findings stating, in short, Revolut could have done more in its interventions to protect him.

As Mr O did not accept the investigator's findings, this matter has been passed to me to make a decision.

WHAT I HAVE 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 find that the investigator at first instance was right to reach the conclusion they did. This is for reasons I set out in this decision.

I would like to say at the outset that I have summarised this complaint in far less detail than the parties involved. I want to stress that no discourtesy is intended by this. If there is a submission I have not addressed, it is not because I have ignored the point. It is simply because my findings focus on what I consider to be the central issues in this complaint.

Further, under section 225 of the Financial Services and Markets Act 2000, I am required to resolve complaints quickly and with minimum formality.

Regulatory framework

The regulations which apply in this matter are the Payment Services Regulations 2017 ("the PSRs").

Should Revolut have recognised that Mr O was at risk of financial harm from fraud?

It is not in dispute that Mr O authorised the payment transactions in this matter. Generally, consumers are liable for payment transactions they have authorised. However, that is not the end of the story. This is because even if a payment is authorised, there are regulatory requirements and good industry practice which suggest firms – such as Revolut – should be on the look-out for unusual and out of character transactions to protect their customers from financial harm. And, if such payment transactions do arise, firms should intervene before processing them. That said, firms need to strike a balance between intervening in a customer's payment to protect them from financial harm, against the risk of unnecessarily inconveniencing or delaying a customer's legitimate transactions.

I have borne the above in mind when considering the payment transactions in this matter.

Revolut intervened in some of Mr O's payments to try to protect him from financial harm. I intend on dealing with these interventions first. I will then address the payments Revolut did not intervene in later in this decision under the heading: *Should Revolut have exercised further interventions in relation to Mr O's other payments?*

What interventions did Revolut carry out?

Below are the dates and types of interventions/warnings Revolut carried out. These relate to the payment transactions in question.

- 2 September 2023 ("Transfer Review" warning + static warning + payment purpose + tailored warnings + risk agreement).
- 2 September 2023 (High risk warning + payment purpose + tailored warnings + "forced" chat).
- 3 September 2023 (Static warning + payment purpose + tailored warnings + risk agreement).
- 3 September 2023 (High risk warning + payment purpose + tailored warnings + "forced" chat).
- 3 September 2023 ("Transfer Review" warning + static warning + payment purpose + tailored warnings + risk agreement).
- 4 September 2023 ("Transfer Review" warning + static warning + payment purpose + tailored warnings + risk agreement).
- 6 September 2023 (Static warning + payment purpose + tailored warnings + risk agreement).

Details of the intervention/warnings

- **Transfer review warning:** *"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."*
- **Static warning:** *"Something doesn't look right – Your transaction has been flagged by our system as a potential scam. To continue, we need to ask you some questions."*
- **High risk warning:** *"We think you're being scammed – Your transaction is unusual and was flagged as potential scam. To continue, we need to ask you some questions."*
- **Payment purpose:** For customer to select the purpose of their payment:
 - Questionnaire – Customer provided with a questionnaire to complete about their payment.
 - Tailored warnings – Customer provided with warnings tailored to the payment purpose selected.

- **Risk agreement:** Customer asked to confirm that, *“Revolut has warned me that this payment is suspicious and I understand the risk of losing my money.”*
- **Forced chat:** In-app chat between customer and a Revolut adviser.

Questionnaire(s)

Below are the key answers Mr O provided in Revolut’s questionnaire(s):

- He understood that if he is being scammed, the fraudster may have asked him to hide the real reason for this payment.
- He is not being assisted through this questionnaire.
- He is making this transfer to his other account.
- He is making this transfer for an investment: funds for foreign exchange, commodities, stocks, or bonds.
- He did not discover the investment opportunity via social media.
- He has researched the company.

Were Revolut’s “forced chats” interventions proportionate?

I will start by considering the two Revolut interventions which resulted in in-app chats (2 and 3 September 2023). I am doing this because I take the view that a ‘human intervention’ can be one of the most effective type of interventions. Therefore, these two in-app chats should provide some insight into Mr O’s mind state regarding the scam at the time.

2 September 2023 in-app chat

Below are some key parts of the intervention:

- Adviser: *“Our fraud detection systems show that there’s a strong chance that this investment is a scam. That means that if you make this transfer, the most likely outcome is that you’ll lose your money permanently ... Do you still want to proceed?”*
Mr O: *“Yes please.”*
- Mr O confirmed the following: *“Revolut has warned me that this is likely a scam and are unlikely to recover my funds if I proceed with this transaction.”*

3 September 2023 in-app chat

Below are some key parts of the intervention:

- Revolut adviser: *“Based on your answers, we think there’s a high chance that your money might be at risk if you make this transfer. I’m currently reviewing the details, I should take an estimated time of 10 minutes, then I might need to ask you a few more questions. Thank you.”*
- Revolut adviser: *“Thanks for waiting. Make sure any research you do is your own – fraudsters may appear knowledgeable, create convincing-looking posts on social media, or share articles about investing. If someone says you need to send money as a tax or fee to access your funds, you are being scammed. Our fraud detection*

systems show that there's a strong chance that this investment is a scam. That means that if you make this transfer, the most likely outcome is that you'll lose your money permanently. Do you still want to proceed?" Mr O: "Yes please."

Whilst I do think Revolut provided robust warnings, I take the view that it could have gone further in its questioning – particularly given the payments concerned occurred post the Financial Conduct Authority's Consumer Duty. For example, I would have expected Revolut to have asked the name of the company he was investing with. That said, I am not persuaded this would not have made a difference in the circumstances. I say this for the following reasons:

- If Mr O had provided Revolut with the name of the scam company – I cannot see anything concerning about them online.
- I have not seen anything in the messages exchanged between Mr O and the fraudster which suggest that he had any significant concerns at the time of the above. On the contrary, Mr O appeared to have had a trusting relationship with the fraudster.
- In the same messages, Mr O told the fraudster that he was talking with Revolut during the 3 September 2023 intervention. In response, the fraudster told Mr O:

"I'll tell you a trick, whether you go to a bank wire transfer or customer support asks you why you want to buy cryptocurrency you need to answer them firmly: I need to invest in some cryptocurrencies for hedging and I can't have all my money in the bank. The bank will take care of your business for you very quickly ... You need to tell them that you are buying cryptocurrencies only because you need to invest in some cryptocurrencies for hedging purposes."

- The fraudster's message does not appear to have raised any red flags for Mr O. I find this a striking feature in this case – particularly given the fact Mr O confirmed in the Revolut questionnaire (mentioned above) that he understood that if he is being scammed, a fraudster may ask him to hide the real reason for his payment.
- The questionnaire also warned Mr O that, *"Scammers use social media to entice victims by advertising fake investments. Well known celebrities or influencers may promote it to look legitimate."* Mr O did not heed this despite him coming across the scam via an advertisement on Facebook. This warning was also alluded to by the Revolut adviser.
- Mr O saw he was making profits on his trading platform. I have no doubt this would have placed him even further under the fraudster's spell.

Taking all the above points together, I find that even if Revolut had gone further in its questioning during the above interventions, Mr O would have likely frustrated this – thereby alleviating any concerns Revolut had. Therefore, I find that Revolut's interventions were proportionate to the risk identified.

Were Revolut's other interventions proportionate?

I find that Revolut's other interventions were, by and large, proportionate – particularly given Mr O's answers to Revolut's automated questions, and the fact that previous payments went unchallenged. Even if it could be argued that Revolut should have gone further in these interventions, I have not seen anything to suggest that Mr O would have responded differently to the way he did during the interventions mentioned above.

Should Revolut have exercised further interventions in relation to Mr O's other payments?

I would not have expected Revolut to have intervened further. I say this because as Mr O continued to make payments to the payee, 017 Capital SP Z OO, without any issues, they would have become 'established'. Further or alternatively, each of the interventions mentioned above would have set a precedent on Mr O's account.

Recovery of funds

I have considered whether Revolut acted appropriately to try to recover Mr O's funds once the fraud was reported.

Payment transfers

Mr O's payment transfers were made from Revolut to accounts in his own name. Thereafter, those funds were either moved directly to the fraudsters, or, if not – Mr O should be able to withdraw them from his accounts. Further or alternatively, as Mr O's payments were made to purchase cryptocurrency – which would have been forwarded on in this form – there would not have been any funds to recover.

Further or alternatively, the likelihood that even if prompt action had been taken by Revolut on or immediately after the fraud was reported, any of Mr O's money would have been successfully reclaimed seems slim. I say this because of the time that had elapsed between Mr O's last payment (September 2023) and when Mr O reported the scam (2024). In these types of scams, fraudsters tend to withdraw/transfer out their ill-gotten gains immediately to prevent recovery.

So, I am satisfied that it is unlikely Revolut could have done anything to recover Mr O's payment transfers.

Card payment (chargeback)

Chargeback is an entirely voluntary scheme, which means firms are under no formal obligation to raise a chargeback claim. The relevant scheme operator can arbitrate on a dispute between a merchant and customer if it cannot be resolved between them. However, such an arbitration is subject to the rules of the relevant scheme – so there are limited grounds on which a chargeback can succeed.

The service of purchasing cryptocurrency/exchanging funds into cryptocurrency – is not covered under the chargeback scheme concerned in this matter. This is because the exchanges in question provided their services as intended. This also applies to any payment processor involved, as they would have carried out their services as intended when transferring funds.

For these reasons, I find that any chargeback claim in this matter had little chance of success under the relevant chargeback scheme. It follows that I would not have expected Revolut to raise one on behalf of Mr O.

Conclusion

Taking all the above points together, I do not find that Revolut has done anything wrong in the circumstances of this complaint. Therefore, I will not be directing Revolut to do anything further.

In my judgment, this is a fair and reasonable outcome in the circumstances of this complaint.

MY FINAL DECISION

For the reasons set out above, my final decision is that I do not uphold this complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 2 July 2025.

Tony Massiah
Ombudsman