

The complaint

Mr C says Revolut Ltd ("Revolut"), didn't do enough to help when he fell victim to an investment scam. He says Revolut should reimburse him for the money he lost.

What happened

As both parties are familiar with the circumstances of this complaint, I've summarised them briefly below.

In summary, Mr C fell victim to an investment scam. Mr C spotted an online investment opportunity which was advertised on a popular social media platform. Mr C filled out an online form and was then contacted by someone. Then, at the request of the scammers, Mr C set up a Revolut account. He also set up a cryptocurrency account / and downloaded an app on his phone to be able to convert GBP into cryptocurrency to be able to send on.

Mr C made a transfer of £1,000 on 28 June 2022 and then a further £3,000 the following day. Mr C subsequently had difficulty obtaining any funds / profits and was asked to pay additional fees to withdraw his profits. Ultimately, Mr C realised he had fallen victim to a scam.

In September 2022, Mr C reported the matter to Revolut through its live chat to see if his funds could be reimbursed or recovered. Revolut asked some questions of Mr C regarding the scam and after not receiving a response closed the chat. Mr C picked this up again on 4 October 2022. Ultimately Revolut didn't consider it was liable for the losses Mr C incurred.

Unhappy, Mr C brought his complaint to our service. Our Investigator reviewed the matter and didn't recommend the complaint be upheld. They were satisfied Mr C had authorised the transfers and they didn't think Revolut ought to have done more to identify the payments as potentially fraudulent in the circumstances. They didn't consider Revolut ought to have had a cause for concern that Mr C was potentially at risk of financial harm, or that he was falling victim to a scam to an extent that it ought to have intervened and questioned him further about the transfers.

With regards to the recovery of any funds, as Revolut explained that it had received a response from the beneficiary bank advising that no funds remained, the Investigator considered there wasn't anything further that Revolut could do to recover the funds.

Mr C disagreed with the Investigator's opinion and thought more should have been done by Revolut to prevent his losses.

As Mr C disagreed with the Investigator's opinion, and as the matter hasn't been resolved, it'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.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

I'm aware that I've summarised this complaint and the responses briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here – which is to determine whether Revolut should have done more to prevent Mr C's losses. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. 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 an alternative to the courts.

Having thought very carefully about Revolut's actions, I'm not upholding Mr C's complaint. I do appreciate how disappointing this will be for him. Mr C was a victim to a cruel scam. But in weighing everything up, I don't think I can fairly say Revolut should reimburse him. I'll explain why.

In broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the customer's account.

It is agreed by all parties that Mr C made the bank transfers himself from his Revolut account. So it is the case that Mr C authorised all the transfers that are in dispute. And under the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means Mr C is responsible for them. That remains the case even though Mr C was the unfortunate victim of a scam.

There are times when I might expect a Firm to question a transaction or payment, even though it may have been properly authorised. Broadly speaking, Firms like Revolut have certain obligations to protect customers from fraud.

In this case, I need to decide whether Revolut acted fairly and reasonably in its dealings with Mr C when he made the transfers, or whether it should have done more than it did.

I've thought about this carefully. Having done so, I can't fairly say that any of the transfers Mr C made in relation to the scam would (or should) have alerted Revolut that Mr C was at risk of financial harm, to an extent whereby it should have carried out some additional checks before processing the transfers. So I don't consider Revolut are liable for the losses Mr C incurred. I'll explain why.

The Revolut account was opened around four days before Mr C made the first transfer of £1,000 on 28 June 2022. I have to be mindful that banks / payment service providers process a high volume of transfers and transactions each day. And Firms have to strike a balance as to when it should possibly intervene on a payment against not holding up or delaying its customer's requests.

I don't consider there is anything unusual or remarkable about the first transfer or the amount that ought to have alerted Revolut to the possibility Mr C was being scammed or was at risk of financial harm. Mr C then sent a further £3,000 the next day. Again, there isn't anything remarkable about this transfer or the amount that reasonably should have given Revolut any cause for concern.

So, here, Mr C made two transfers over two days. I don't find this to be unusual or a pattern of activity that would have given Revolut cause for concern. Had Mr C made multiple transfers in a very short space of time, it may have been arguable to suggest that Revolut might have had a concern – as making multiple payments in a short space of time can be an indicator that someone may be at risk of financial harm. But when I consider the value of these transfers, alongside the time period in which they were made, to my mind, it wouldn't have been an indicator to Revolut that Mr C was at risk to an extent whereby it ought to have questioned him further about the transfers.

Overall, I don't think there were grounds for Revolut to be suspicious Mr C may be a victim of fraud when he made the transfers to such an extent where I would expect them to intervene and carry out some additional checks or question him further about the transfers. So I can't fairly say Revolut could have prevented his losses or is liable in some way.

Recovery of the funds

I note Revolut advised that the beneficiary bank responded on 24 October 2022 explaining that no funds remained that could be recovered. However from its submissions to this service, Revolut also advised that it didn't receive a response. So, to me, it seems most likely that Revolut, as it didn't receive a response from the beneficiary bank, treated the non-response as an indication that no funds remained. While this isn't helpful and confused matters, I am mindful that the scam was unfortunately reported some months after Mr C had made the transfers. And I am also mindful that Mr C was sending the funds to a cryptocurrency account with the money being converted into cryptocurrency and moved on – so it was always likely that there wasn't anything further Revolut could have done to help Mr C recover his funds.

In summary, while I appreciate Mr C's been the unfortunate victim of a cruel scam, I think Revolut's decision not to refund him in this instance was fair and reasonable in the circumstances. I say this because Revolut followed Mr C's instructions to make the transfers and I haven't seen any reason why it shouldn't have done this. Unfortunately, given the funds Mr C transferred were exchanged into cryptocurrency and moved on, there wasn't anything further Revolut could do to help Mr C recover his funds.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 27 September 2023.

Matthew Horner
Ombudsman