

The complaint

Miss A is unhappy that Revolut Ltd won't refund money she lost to an investment scam.

What happened

Miss A saw an advert on a social media app for an investment. It promised she could achieve significant returns by investing in cryptocurrency. Unfortunately, the investment opportunity wasn't genuine, but fraudulent. After corresponding with the fraudster, Miss A sent a payment of £1,000 to them. She was informed that her investment had grown to around £12,000 but she'd need to pay a fee to release it. Miss A made a second payment of £690 on the same day. Later that day, Miss A spoke to a friend who suggested she'd been scammed. The fraudster then claimed Miss A would need to make a further, larger, payment in order to release her profits.

Miss A didn't make any further payments. She informed Revolut that she thought she'd been the victim of a scam. It said that it wasn't responsible for her loss as it had provided a warning before she made the first payment and had tried to recover her money, but hadn't been successful.

Miss A, through a representative, referred the matter to our service. She argued that Revolut had failed in its obligations under the Lending Standards Board Contingent Reimbursement Model ("CRM Code") to spot unusual and out of character transactions and had failed to take into account her vulnerabilities.

One of our Investigators didn't uphold the complaint. They pointed out that Revolut weren't signatories of the CRM Code. They also didn't think that Revolut would have any reason to be concerned about the transactions and were satisfied it had done what it could to recover Miss A's money.

Miss A didn't agree. She said that the payments were made to a new payee and ought to have been questioned by Revolut.

As no agreement could be reached, the case was passed to me for a 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.

The starting point under the relevant regulations is that Miss A is responsible for payments she's authorised herself. Revolut are not signatories to the CRM Code, so I'm unable to consider this matter under its provisions. But taking into account regulators' rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time these payments were made, I think Revolut ought, fairly and reasonably, to have been on the lookout for out of character and unusual transactions and other indications that its customer might be at risk of financial harm from fraud.

In this case, I'm afraid that I cannot agree that Revolut should have had any reason to think Miss A was falling victim to a scam. The payments were neither particularly unusual for her nor of a value which ought reasonably to have given Revolut any concern. While they were made on the same day, there was almost an hour between the payments and I can't see that any concerning pattern had emerged. I also note that Revolut did provide a warning before the first payment which covered off some broad scam risks. I think this was a proportionate response to the risk the payments presented. I also can't see that it would have been aware that Miss A had any vulnerabilities before it processed the payments.

I've also considered Revolut's attempts to recover Miss A's money. Evidence provided by the bank which received it shows that all of her funds were removed before she reported the matter to Revolut. So, it could not have recovered her money.

I know this will be disappointing for Miss A and it's clear she's been the victim of a cruel and cynical scam, but I don't find that Revolut are responsible for her loss.

My final decision

For the reasons I've explained, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 29 September 2023.

Rich Drury
Ombudsman