

The complaint

Mr S complains that Revolut Ltd ('Revolut') won't refund the money he lost in an investment scam.

What happened

Mr S is represented in this case but for ease I'll refer to Mr S throughout this decision.

Mr S says that he saw an advert about investing by a company I'll refer to as F on a social networking site and completed an enquiry form. Soon after, Mr S received a call from a representative of F who explained what the company did. Mr S was required to provide a copy of his passport and utility bill to set the account up.

Mr S was then called by a broker from F. He was asked to download a screen sharing application and a messaging app to communicate with F. Mr S made a small payment from his bank account (not Revolut) and the trader asked him to watch her trade. After a few days Mr S received a call from the trader to say he wasn't making enough profit and needed to invest more. He transferred £1,000 from his Revolut account. When the scammer asked Mr S to invest more, and he said he had no funds, she sent a list of lenders that F worked with. Mr S took out a loan for £15,000. The loan credited Mr S's bank account and from there he transferred it to Revolut. Mr S's bank blocked the payment to his Revolut account and asked him questions about it before removing the block.

After making the £15,000 payment Mr S could see a profit in his trading account. The trader kept asking him to pay more but Mr S said he didn't have the funds. The trader then told Mr S that the market had crashed and when he checked his account all the funds had gone. Mr S was asked to pay more but initially refused. The trader reassured Mr S that she would help him to get his money back and offered a £7,500 bonus. Mr S took out another loan for £15,000 and transferred it from his Revolut account to his cryptocurrency wallet. The trader told Mr S that he was very close to getting his money back but needed to pay a bit more. When he refused, the trader made threats. Mr S got scared and took out another loan for £10,000 which he also transferred.

Mr S tried to withdraw funds but received a call from F's accounts department saying he needed to pay more, or he would be liable for substantial costs and fines. He became concerned and completed some research which revealed reviews from other people who had been scammed by F. Mr S contacted Revolut to report the scam on 14 May 2022.

I have listed below the transfers Mr S made from his Revolut account to his cryptocurrency account:

Date	Amount
03/05/22	€1,000
09/05/22	€17,000
11/05/22	€17,500
12/05/22	€11,050

Total	€46,050
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What Revolut say

Revolut didn't agree to refund Mr S's loss. It referred to preventative resources it provides to customers and also said that it set the initial transfer to pending while it enquired about the payment purpose and warned Mr S about common scams and indicators of fraud. Revolut also noted that it offered Mr S the opportunity to consult with a customer support specialist directly via chat before processing the payment. Finally, Revolut said it had attempted to recover Mr S's lost funds.

Mr S was unhappy with Revolut's response and brought a complaint to this service. He said Revolut should refund his loss and his solicitor's fees in bringing his complaint on his behalf.

Our investigation so far

The investigator who considered this complaint recommended that the complaint be upheld in part. He said that when Mr S attempted to make the second payment of €17,000 Revolut sent him a warning that wasn't effective as it wasn't relevant to the scam Mr S fell victim to. If Revolut had spoken to Mr S the scam would have been uncovered as there were clear scam indicators, such as hearing about the investment opportunity on social media and the fact Mr S was asked to download a screen sharing app. But the investigator felt that Mr S should also bear responsibility for his loss because he didn't complete any research and continued to make payments without receiving a return.

Ms S accepted the investigator's findings, but Revolut did not, so the complaint was passed to me to consider. In summary, Revolut said:

- Revolut has no information about Mr S's interaction with his bank but has been told Mr S was asked to go into branch where he said he was transferring funds to Revolut to make it easier to make international payments. It considers that if Mr S's bank was unable to establish what was really happening when it met Mr S, Revolut's chat support wouldn't have uncovered the scam.
- Given the above, Mr S would have gone ahead with the transaction even if a different warning had been given. And if Revolut had asked questions Mr S would have followed the fraudster's advice and not told the truth about the reason for the payments so the scam wouldn't have been uncovered. Mr S would have just said that he was buying cryptocurrency and not mentioned screen sharing or the platform.
- Mr S was asked to provide a reason for the payment and chose transfer to a safe account as he was told by the fraudsters not to use the investment option. This demonstrates Mr S wouldn't have answered Revolut's questions honestly (and this didn't concern Revolut, as many customers use this option to transfer funds to their own 'safe' account).

I considered the complaint and issued my provisional decision on 25 October 2023. In the "What I provisionally think – and why" section I said,

"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 be good industry practice at the time. In broad terms, the starting position in law is that an account provider 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. A customer will then be responsible for those transactions that they have authorised.

It's not in dispute here that Mr S authorised the payments. So while I recognise that he didn't intend the money to go to scammers, the starting position in law is that Revolut was obliged to follow his instructions and process the payments. Mr S isn't automatically entitled to a refund. The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victim to scams. So, I've also thought about whether Revolut did enough to try to keep Mr S's account safe.

I understand that Mr S opened his Revolut account in February 2020 and the reason for opening the account was to make transfers.

When Mr S made the first payment of €1,000 he was shown a new payee warning that said,

"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."

Mr S was asked the purpose of the payment and chose "Transfer to a 'Safe Account'". He was then shown a warning that said the transaction could be a scam and to beware in certain scenarios including if a customer has been contacted by HMRC, asked to make an immediate payment, threatened with immediate fines or arrest or has been asked to ignore the warning provided. The warning included a link to Revolut's blog about scams and a further link to get advice from an agent.

I consider that given the payment reason given – transfer to a safe account – Revolut should have done more. Making a payment to a safe account is always a scam, unless this payment reason has been chosen in error. So, I consider Revolut should have checked the reason for the payment with Mr S. I think it's more likely than not that Mr S would have just told Revolut he made a mistake. As this payment wasn't unusual and out of character given Mr S's previous account and payment history, I wouldn't have expected Revolut to go beyond clarifying the payment reason.

The next payment of €17,000 was totally out of character but no warnings were given at all. Mr S hadn't completed any transactions above £1,500 in the twelve-month period before it. So, this transaction stood out. It was also to a cryptocurrency exchange. I'm not satisfied that any warning given six days previously about a payment of €1,000 is sufficient here.

I'm also not persuaded that the fact the payments were going to Mr S's own account and so appeared to be going somewhere safe and within his control should have satisfied Revolut that he wasn't at risk of harm. This is because by January 2019, firms like Revolut had, or ought to have had, a good enough understanding of how these scams work – including that a customer often moves money to an account in their own name before moving it on again to the scammer - to have been able to identify the risk of harm from fraud.

I've gone on to consider whether Revolut's interaction would have uncovered the scam and prevented any further loss. On balance, I'm not persuaded that it would and will explain why.

I asked the investigator to obtain confidential information from Mr S's bank about its interactions with Mr S when he transferred funds from his account with that bank to Revolut before making payments to his own cryptocurrency account. As this information is confidential, I can't provide any detail here, but Mr S will be aware of the nature of the conversations he had with his own bank. What I will say is that Mr S wasn't honest with his bank about the reason for the payment to his Revolut account and that he didn't say he was investing. But I can't see that Mr S could have used the same payment reason he gave his bank when communicating with Revolut. This is because he was making a payment to a cryptocurrency exchange, and this would have been a huge red flag.

I've thought carefully about whether Revolut could have uncovered the scam if Mr S had said he was investing, as I consider it likely he would have. But given that Mr S had followed the scammer's instructions to take out a loan, transfer loan funds to his Revolut account and to lie to his bank about the reason for doing so, I'm not satisfied Mr S would have been open and honest with Revolut in his responses to any questions asked, whether via the app or in a call. I don't believe Mr S would have said that someone was helping him with the investment, that a screen sharing app was involved or that he was using loan funds to make the payments. It seems to me that Mr S followed the scammer's instructions without question or research and that it wouldn't have been possible for Revolut to break the spell. In the circumstances, I don't consider further intervention by Revolut would have made a difference so I can't fairly ask it to refund any of Mr S's lost funds.

For completeness, the Contingent Reimbursement Model Code doesn't apply in this case for a few reasons, including the fact that Revolut hasn't signed up to it and Mr S made payments from his Revolut account to an account in his own name rather than to another person.

I realise Mr S will be extremely disappointed to hear my provisional decision. I will consider any points he wishes to raise in response to this provisional decision."

Revolut didn't respond to my provisional decision. Mr S' representative let me know that he rejects it but didn't provide any reasons or additional points for me to consider.

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.

As neither party has raised any additional points or arguments, I see no reason to depart from my provisional decision which is set out above. On balance, I don't consider further intervention by Revolut would have prevented Mr S' loss.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 28 December 2023.

Jay Hadfield
Ombudsman