

The complaint

Miss G is unhappy Revolut Ltd won't refund money she lost as a result of a scam.

What happened

Miss G came across an advert on a popular social media platform. It suggested she could make money by trading cryptocurrency. She left her contact details and was contacted by someone claiming to represent an investment company.

She made a series of payments from her account at another financial business (that I'll call W) and Revolut to various payees, which she believed were connected to the investment platform.

The payments from Revolut took place after those from W and totalled £8,600. All of the payments went to other Revolut users, none of which were obviously connected to cryptocurrency.

It appears that by 28 October 2022, when the payments from Revolut began, Miss G believed her investment had increased in value significantly but that she'd need to pay 10% of the value of her investment in order to withdraw the profits. She made five payments all to different payees between 10am and 11am on 28 October 2022.

It appears that after she made these payments, the fraudster claimed not to have received her money and then requested more. Following this Miss G realised she'd been the victim of a scam.

Miss G initially contacted Revolut but does not appear to have pursued the matter with it directly. She then complained to Revolut through a third party.

It said that it hadn't been provided with enough information about what had happened in order to consider her claim but didn't think it was responsible for her loss.

Miss G referred her complaint to our service and one of our Investigators upheld it in part. They thought that Revolut ought to have considered the pattern of activity on Miss G's account to be unusual and suspicious. They thought that Revolut should have questioned the third payment which debited Miss G's account and, had it done so, the scam would have come to light and the loss would have been prevented. However, they also thought that Miss G should bear some responsibility for what happened. So, they recommended that Revolut pay Miss G 50% of payments three, four and five.

Revolut accepted our Investigator's recommendation, but Miss G did not. In summary, her representatives argued:

- There were a number of very sophisticated aspects to the scam – including the provision of a trading platform on which live markets could be viewed, the involvement of numerous different people and the fraudster's communication with Miss G in her native language.

- Although they accepted the Investigator's arguments that the returns Miss G were promised were high, they pointed to her inexperience and the asymmetry of knowledge between her and Revolut and argued that a 50% deduction was simply too high.

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 in law is that Miss G is responsible for payments she's carried out. There's no dispute about that here. 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, Revolut ought, fairly and reasonably, to be on the lookout for out of character and unusual transactions that might indicate that its customer was at risk of financial harm from fraud.

Revolut have made an offer to settle this complaint. For reasons I'll explain, I think that offer is fair in the circumstances and I don't intend to revisit whether it should have intervened at all or whether such an intervention would have made a difference and prevented Miss G's further loss. There's now no dispute about that.

I have briefly considered whether the suggested point of intervention is fair. I think it is, as by that point Miss G was attempting a third payment to a third different payee in under ten minutes. I think that fairly and reasonably ought to have caused significant concern. So, the only issue for me to decide is whether the suggested deduction is a fair one.

I acknowledge what Miss G's representatives have said about her level of knowledge and the techniques employed by the fraudsters. I accept that, to the layman, much of what Miss G saw and was told would have appeared convincing.

Nevertheless, I think Miss G ought to have been significantly more concerned about two features of the scam. As the Investigator noted, the returns were very high (double digit increases in just a matter of days) and appeared to be promised in advance. I think a reasonable person would understand that any type of trading would not be able to produce guaranteed results (even if the trading had been successful up to that point).

Secondly, by the time Miss G came to make these payments, she was paying a fee in order to release her money. According to Miss G's representatives, these sums were to be paid to the investment company. I don't think this explanation was particularly persuasive and I think that Miss G ought to have thought more carefully or taken advice before making these payments.

Finally I've thought about whether Revolut should have attempted to recover Miss G's money. While I can see that the payments went to other Revolut customers, Revolut say they were customers based in another country and customers of a different Revolut entity (one that does not fall under our jurisdiction). Revolut has told our service that it didn't have any concerns about those accounts prior to the payments being made and, even if any of Miss G's money did remain in those accounts, its European entity would not be able to return it without being instructed to do so by the relevant authority in that jurisdiction. I only have power over Revolut Ltd, not its European entity and I cannot compel the latter to provide information or return funds. And, in any case, given there was a reasonably significant gap between the payments and the matter being reported, the chances of any funds remaining in the recipient accounts would be very low.

Overall, for the reasons I've explained, I think a fair deduction from the amount Revolut refund is 50%. I also think that Revolut should pay 8% simple interest per annum on the amount it refunds, from the date of the payments to the date of settlement.

My final decision

I uphold in part this complaint about Revolut Ltd and instruct it to pay Miss G:

- 50% of payments three, four and five - £2,655
- 8% simple interest per annum on that amount from the date of the payments to the date of settlement, less any tax lawfully deductible

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 1 December 2023.

Rich Drury
Ombudsman