

The complaint

Miss T complains that Revolut Ltd did not refund a series of transfers she lost to a scam.

What happened

Miss T believed she was talking with an experienced, professional trader who could help her learn how to invest her money. She already had an account with a cryptocurrency exchange called Binance and was asked to use that account to transfer cryptocurrency into a trading platform. She was given log-in details to a website that would allow her to view the trades being carried out on her behalf by the professional trader and she could see returns on her investment. Miss T made the following payments to Binance:

25/8/22	£1,000.44	Binance
25/8/22	£10.66	Binance
16/9/22	£3,409	Binance
26/9/22	£4,990.74	Binance
26/9/22	£250	Binance
29/9/22	£6,500	Binance
29/9/22	£20	Binance

Miss T was told the two larger payments of £4,990.74 and £6,500 were broker's fees that had to be paid in order for her returns to be withdrawn. Miss T was then asked for more fees but was unable to gather together the funds to pay for these. She stayed in contact with the trader for many months after that point but eventually cut contact and blocked them due to the amount she had lost.

Miss T contacted Revolut towards the end of January 2023 and made them aware that she had been scammed. Revolut looked into it and explained that as Miss T had not previously let them know about the scam, they needed further information from her to be able to investigate effectively. Because of this, they did not uphold her complaint at that time.

Miss T referred the complaint to our service and our Investigator looked into it. They explained that the transactions in question did not appear to be unusual in comparison to Miss T's normal account activity. This is because Miss T had previously used Binance for genuine transactions and even had a small credit into her account from trading in cryptocurrency. And the general pattern of spending also matched the genuine activity. Though they did think a general warning for the £6,500 payment was reasonable,

considering it was a little higher value than the rest. Despite this, due to the convincing nature of the scam, they did not think this would have revealed the scam to Miss T.

Miss T's representative responded and disagreed with the outcome. They felt that as over £11,000 had been sent to a high risk crypto-currency exchange in a few days, Revolut should have intervened. And that Revolut should be held to the same standard as a bank, despite it being an Electric Money Institute (EMI).

As an informal agreement could not be reached, the complaint has been 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.

I'm satisfied that Miss T has been the victim of a scam. She was asked to pay significant fees just to access her returns and this did not lead to a withdrawal, which is typical of this kind of scam.

As has already been highlighted, these transactions are not covered by the Contingent Reimbursement Model ("CRM") code. The CRM is a voluntary code, which Revolut has not signed up to. However, I still have to take into account other 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.

Broadly speaking, 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 account. And a customer will then be responsible for the transactions that they have authorised.

It's not in dispute here that Miss T authorised the payments as she believed they were part of a legitimate investment. So, while I recognise that Miss T didn't intend the money to go to scammers, the starting position in law is that Revolut was obliged to follow Miss T's instruction and process the payment. Because of this, Miss T is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers and payment service 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 victims to scams. So, I've also thought about whether Revolut did enough to try to keep Miss T's account safe.

I've considered Miss T's normal account activity in comparison to the transactions in question, to see if they were significantly out of character. In doing so, I've considered Miss T's representative's comments about the fact Revolut is an EMI and not a traditional bank. This means that they operate in a different regulatory framework, however they do still have a basic duty of care to their customers.

Looking at Miss T's statements, I can see that the account had only been open for a few months prior to the transactions occurring, so there is not a lot of information to compare the scam activity to. From account opening to the date of the scam transactions, Miss T would generally credit the account, convert the funds to U.S dollars and then often send funds to Binance. Because of this, the pattern of behaviour for the scam payments followed the same

pattern of behaviour as Miss T's genuine account activity. Considering Miss T selected the account opening reason as 'gain exposure to financial assets', the payments to Binance would not have flagged as unusual simply because they were to a cryptocurrency exchange.

I do appreciate Miss T's representative's comments that a relatively large amount of money was sent to Binance over a few days, and I do agree the payment of £6,500 was higher than previous payments. Though there was a steady increase in the amounts sent to Binance, so this alone would not have necessarily been enough to warrant significant intervention by Revolut. I do agree with the Investigator that a general Investment warning could have been provided by Revolut in this instance, but due to the nature of the scam and the fact Miss T had carried out due diligence on the trader she thought she was dealing with (who the scammer had likely impersonated), I think it is unlikely this would have revealed the scam.

As the transfers went to an account in Miss T's own name, and the funds were then sent on to the scammer's wallet prior to her making Revolut aware, there was nothing that could be done to try and recover the funds.

On balance, while Revolut could have provided a general warning for the payment of £6,500, I don't think this would have revealed the scam, so I don't think they need to refund Miss T with the lost funds. And once Revolut was made aware of the scam, there was nothing further they could do to try and recover the funds lost to it. So, I don't think they need to take any action to remedy the complaint.

My final decision

I do not uphold Miss T's complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 26 October 2023.

Rebecca Norris
Ombudsman