

## The complaint

Ms B complains that Revolut Ltd won't refund money she lost when she was the victim of a scam.

Ms B is represented by a firm I'll refer to as 'A'.

## What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

In late 2022 Ms B was the victim of a romance scam. She met the scammer, H, through an online dating website and spoke with him every day through instant messenger apps. After about a month H explained to Ms B that he needed to pay a penalty for not correctly filling out required paperwork for his construction company in a foreign country. H said his bank account was frozen and, although he'd been able to borrow most of the money (£330,000) from a friend, he asked if Ms B could lend him the other £20,000 which he promised to pay back.

H told Ms B to open a bank account with Revolut to send the money to him via a legitimate crypto exchange. The relevant payments are:

Date	Amount
1 November 2022	€5,500
1 November 2022	€5,500
2 November 2022	€5,500
2 November 2022	€5,500
2 November 2022	€1,250
<b>Total:</b>	<b>€23,250</b>

After sending the money, H's behaviour started to change. He then stopped replying to Ms B a few weeks later. At this point, Ms B realised she'd been scammed.

In April 2023 A complained to Revolut on Ms B's behalf. In short, they said Revolut failed to pick up on out of character payments that were indicative Ms B was a victim of fraud. And had Revolut appropriately intervened the fraud would've been prevented. So, Ms B's loss was preventable and Revolut should reimburse her and pay 8% interest.

Revolut rejected the complaint. They said, despite numerous requests, Ms B was unable to provide them with the conversation history of the scam as she has since deleted it. And so, they couldn't proceed with their investigation, or attempt recovery of the funds, without this additional information.

The complaint was referred to the Financial Ombudsman but our Investigator didn't think Revolut had to do anything further. He said Revolut contacted Ms B regarding one of the payments and provided online warnings. But while he thought Revolut's intervention wasn't

sufficient, he thought Ms B was convinced H was a genuine person – given they spoke daily and were planning on starting a family together - and that B couldn't reasonably have broken the spell she was under and prevented the payments being made. He also noted that Ms B suffered from a bipolar disorder at the time which A said impacted her decision making. But Ms B can't recall informing Revolut, and as they have no record of it, he didn't think Revolut would've been aware of it or able to consider it.

A disagreed and, in short, they added:

- Revolut should've intervened on the first €5,500 payment and, if they had done so appropriately, Ms B wouldn't have proceeded.
- The chat history, when Revolut did reach out to Ms B, wasn't sufficient considering the out of character and high-risk nature of the payments. Revolut asked closed questions and failed to probe or question Ms B properly.
- Ms B was sending money to a crypto exchange but, believing it to be the correct option, she selected goods and services as the payment purpose. This should've been a red flag to Revolut and the chat with Ms B consisted of irrelevant questions.
- Ms B was never questioned on anything related to crypto.
- Electronic Money Institutions (EMI), like Revolut, mustn't rely on automated controls and chat bots. They also have the same regulatory requirements to prevent fraud as banks. And fraudsters have been making their victims set up new accounts with EMIs as they have poor fraud controls.
- To say no intervention would've stopped the scam, as Ms B spoke with H every day and believed she was in a relationship, suggests no romance scam can be prevented. This is because in all romance scams the victim believes they're in a genuine relationship and speak regularly with the scammer. This doesn't mean any intervention wouldn't be fruitful.

### **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 sorry Ms B has been the victim of a scam and lost a significant amount of money. And I don't underestimate the impact this has had on her. But while I know this will come as a disappointment to Ms B, for similar reasons as our Investigator, I don't think Revolut has acted unfairly by not refunding her loss.

Revolut isn't signed up to the Contingent Reimbursement Model (CRM) code which can offer a potential means of obtaining a refund following Authorised Push Payment (APP) scams. I've therefore considered whether Revolut should reimburse Ms B under any of their obligations.

In broad terms, the starting position in law is that an EMI is expected to process payments that their customer authorises them to make. Here, it isn't disputed that Ms B knowingly made the payments from her Revolut account. I appreciate Ms B was tricked by the scammer as she thought it was a genuine investment opportunity. Nevertheless, I'm satisfied the payments were authorised by Ms B. So, under the Payment Services Regulations 2017 and the terms of her account, Revolut are expected to process the payments and Ms B is presumed liable for the loss in the first instance.

However, taking into account regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Revolut to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

Here, Revolut provided online warnings at the point Ms B submitted the first payment request online – including one that said, *“this transfer can be a scam”* and *“our system identified this transfer as risky and put it to pending”* as *“[the] transfer is riskier than 99.2% of all Revolut transfers”*. Ms B proceeded with making the payment and, after selecting ‘Payment for Goods and Services’ as the payment purpose, she was asked a series of questions by a Revolut agent. These were:

- Are you paying for something where the price or offer seems too good to be true?
- Has the recipient asked you to pay via bank transfer instead of the payment method recommended by reputable online retailers?
- Is the product or service you’re purchasing being advertised on a social media platform?

Ms B answered these questions ‘no’, confirmed the recipient was valid and that she understood Revolut may not be able to recover any loss after the funds are sent.

I think it was reasonable for Revolut to highlight to Ms B, via an online warning, that the transfer was risky and that it could be a scam. Ms B decided to proceed and, while arguably it wasn’t strictly accurate, she selected the payment purpose as paying for goods and services. But based on the options available to Ms B, I don’t think this was unreasonable as none of the others applied to her situation – and so, other than ‘something else’, it was the closest option as she was buying goods in the form of crypto (albeit to send to H).

From this, one of Revolut’s agents asked Ms B a series of questions and I’ve considered, given they had an opportunity to identify whether Ms B was at risk of financial harm from fraud, whether this was sufficient. Having done so, I don’t think it was as the questions were closed questions that failed to sufficiently probe Ms B about the nature of the payment – including, for example, what she was buying and how she came across it. I therefore don’t think Revolut did enough to identify whether Ms B was at risk of financial harm.

I’ve then gone on to think about what would’ve likely happened had Revolut appropriately questioned Ms B about the payment. Having done so, I’m not persuaded it would’ve made a difference. This is because, as part of sending money to her Revolut account, Ms B’s existing banking provider carried out a security check and questioned her about one of the payments. In this call, Ms B confirmed the payment was for trading purposes and was also asked whether she’d *“received any recent calls, texts or emails for the past few days asking or forcing you to make any payments”*. Ms B answered this ‘no’.

Although Ms B was buying crypto, I don’t think ‘trading’ was an accurate description of the purpose of the payment. This is because she was merely purchasing the crypto to send to H so that he could pay the invoice. As Ms B has since deleted her chat history with H, I can’t be sure when he exactly asked her to send the money and whether it was specifically in the few days prior to the payments. But while I think it’s more likely than not H’s request was made in the few days prior, even if it wasn’t quite as recent as that, I think Ms B ought to have understood the general context of the question was whether she’d been asked by someone else to make a payment. Because of this, I don’t think it was accurate for her to tell her banking provider it wasn’t.

It's unclear why Ms B wasn't honest with her banking provider. It possibly could've been due to being coached by H and under his spell. But regardless of whether that was the case, even if Revolut had identified the payment as being related to crypto and questioned her accordingly, there's nothing to suggest Ms B would've answered similar questions differently. And so, I think it's reasonable to conclude she wouldn't have disclosed to Revolut there was a third party involved or that she was making the payment for anything other than genuine crypto trading. Because of this, I don't think Revolut would've had enough reason to think Ms B was at risk of financial harm from fraud.

At which point, I'd like to clarify that I'm not saying all romance scams cannot be prevented – as A has alluded to in response to our Investigator's opinion. Instead, while EMIs like Revolut should try to identify situations where their customers are being targeted as part of a romance scam, I'm not convinced Revolut could've reasonably uncovered it here.

It follows that, while I think Revolut ought to have done more before releasing the payment(s), I don't think their failure to do so led to Ms B's loss. And so, for these reasons, I don't think they are required to refund Ms B.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 10 October 2023.

Daniel O'Dell  
**Ombudsman**