

## **The complaint**

Mrs C complains that Revolut Ltd didn't do enough to protect her from losing money to an investment scam.

## **What happened**

The details of this complaint are well known to both parties, so I won't repeat everything here. In brief summary, Mrs C has said that through May 2022 to June 2022 she made 13 payments from her Revolut account ultimately to fund what she thought was a legitimate investment with a third party I'll call F. The payments totalled £277,950.

Revolut ultimately didn't reimburse Mrs C's lost funds, and Mrs C referred her complaint about Revolut to us. As our Investigator couldn't resolve the matter informally, the case has been passed to me for a decision.

I sent Mrs C and Revolut my provisional decision on 4 August 2023. Now that both parties have had an opportunity to reply, I'm ready to explain my 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.

Having done so, I've reached the same conclusions as in my provisional decision, and for materially the same reasons. I've explained the reasons for my decision again below, with some further comment where I have deemed it appropriate.

I'm really sorry Mrs C lost this money. This was an incredibly large amount of money to lose to a scam. Fraud of this type can be deeply upsetting, and she has my heartfelt sympathy. However, this doesn't automatically entitle her to a refund from Revolut. It would only be fair for me to tell Revolut to reimburse Mrs C some or all of her funds if I thought it reasonably ought to have prevented the payments in the first place, or it unreasonably hindered recovery of the funds after the payments had been made; and if I was satisfied, overall, that this was a fair and reasonable outcome.

I'm sorry as I know Mrs C will be extremely disappointed. I've thought about this case really carefully. Unfortunately for Mrs C, I don't think it would be fair to ask Revolut to reimburse her. I'll explain why.

## Prevention

I'm satisfied Mrs C authorised the relevant payments. Revolut would generally be expected to process payments a customer authorises it to make. And under The Payment Services Regulations and the terms and conditions of the account, Mrs C is presumed liable for the loss in the first instance, in circumstances where she authorised the payments. That said, as a matter of good industry practice Revolut should have taken proactive steps to identify and help prevent transactions – particularly sufficiently unusual, uncharacteristic or suspicious transactions – that could involve fraud or be the result of a scam. However, there are many payments made by customers each day and it's not realistic or reasonable to expect Revolut to stop and check every payment instruction. There's a balance to be struck between identifying payments that could potentially be fraudulent, and minimising disruption to legitimate payments.

In this case, Mrs C's account with Revolut was opened 29 April 2022, just a few days before the first payment she made from her Revolut account to the scam. Revolut has said this would have made it difficult to detect uncharacteristic payments (given the lack of account history); and that Mrs C used the account for, essentially, the sole purpose of making these payments, which, it says, tends to be the way this type of account is used. However, I don't think this absolves Revolut of its obligations to appropriately intervene in the scam payments. Here, on 3 May 2022, over the space of just two hours, Mrs C instructed Revolut to make three payments totalling £97,000, an incredibly large amount of money, and the first payment alone was for £34,000. Revolut didn't have a material account history to compare this to, but it really ought to have realised such a payment from a newly opened account reasonably warranted intervention from Revolut before it allowed it through.

Revolut has said that the first payment instruction was flagged based on the risk level; and that the transaction was held in pending and Mrs C received a push-up notification that set off a series of questions and messages for Mrs C to read and answer. I've taken on board everything Revolut has said about this. However, I think Revolut ought to know that such warnings aren't always sufficient for it to meet its obligations, and that in a situation like this it really ought to have called and spoken to Mrs C before allowing the payment through.

In my view, the key issue in this case is whether or not Mrs C would most likely have been open with Revolut if it did intervene *appropriately* by calling her, as I think it should have. I say this because, given what Mrs C has now said and submitted about F and how she was scammed, I'm satisfied that *if* Revolut had been able to obtain the real context behind Mrs C's payments at the time, it most likely would have been able to prevent Mrs C's further payments to the scam, or at the very least give Mrs C the sternest warning possible that she was being scammed and should stop making the payments. This is because Revolut would, or ought to, have been well aware of scams like this where the customer is asked by the scammers to first transfer money to crypto accounts in the customer's own name before, only then, transferring the cryptocurrency onto the scammers from there. F had clear signs of being a scam that I wouldn't have expected Revolut to miss. However, if Mrs C wasn't upfront with Revolut about the real reason for her payments, Revolut's ability to warn Mrs C, and make a difference, would have been limited.

In this regard, I am mindful, that at the same time as deciding this case, I've decided another complaint brought by Mrs C about another bank (Nationwide) through which she sent payments to the same scam. On this other case, Nationwide *did* intervene in some of Mrs C's payments on 3 May 2022 (which happens to be the same date as Mrs C's first payments to the scam from her Revolut account). Mrs C will be aware, from my final decision on her complaint about Nationwide, why I'm satisfied she was intent on the call not to be upfront with Nationwide, and she did so in a way that was convincing.

I haven't seen anything that persuades me Mrs C is likely to have reacted materially differently if Revolut had intervened – either on 3 May 2022, or later. I can see from the evidence submitted on the Nationwide case that Mrs C appears to have been contacted by recovery scammers on 4 May 2022 (just one day after her first three payments from her Revolut account). But I am mindful that the evidence I've seen around the recovery scam indicates it had a certain undercover flavour to it (for example, that a judge would be paid). I also note that none of the payments from Revolut were made as a result of the recovery scam, but instead all went to F. Furthermore, I note that even after Mrs C ceased payments to the recovery scam from her Nationwide account, she continued the payments to F, not only from her Nationwide account but also from her Revolut account, including after she told Revolut on 5 June 2022 that she thought she had been scammed.

I've thought about the fact Mrs C told Revolut on 5 June 2022 that she thought she'd been scammed. But when Revolut asked her for more information about this, she didn't reply. Mrs C has said this is because she was unsure, and she was then persuaded by F again that things were legitimate. Whilst Revolut did allow further payments to then leave her account, it had already asked Mrs C for further information (to which Mrs C hadn't replied), and I don't think it's unreasonable for it to have presumed Mrs C would get back in touch and wouldn't make further payments if she thought she'd been scammed.

I have to be fair. And on the evidence before me, I'm not persuaded any reasonable level of intervention from Revolut at any stage is likely to have made a difference here. Given how Mrs C reacted to Nationwide's intervention call, I think it's most likely she would have sufficiently reassured Revolut about the nature of her payments, such that it wouldn't be fair and reasonable to say Revolut ought to then have done more. The evidence suggests it's more likely than not that Mrs C was intent on making the payments and not being open about her reasons, and that she likely would have done so anyway. However, for the sake of completeness, even if I thought Revolut had unreasonably missed an opportunity to prevent the payments, I think Mrs C acted with such lack of care in not being open with Nationwide and continuing to make the payments as I've described above, that, even then, it would not have been fair, in this case, to ask Revolut to reimburse her.

### Recovery

The scam payments were sent from Revolut to crypto accounts in Mrs C's name, from where she then moved the funds onto the scammers. I don't think it's surprising Revolut was unable to recover the funds in these circumstances. And I'm satisfied I can't say Revolut unreasonably hindered recovery of the funds, nor therefore that it can be held responsible for Mrs C not being able to recover the funds.

I realise this means Mrs C is out of pocket, and I'm really very sorry she's lost money. However, for the reasons I've explained, I don't think I can reasonably tell Revolut to reimburse her.

### **My final decision**

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 6 October 2023.

Neil Bridge  
**Ombudsman**