

## The complaint

Mr W complains that Revolut Ltd ('Revolut') won't refund him following a scam.

## What happened

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

Mr W says that he saw an advert on a social networking site in relation to an online trading platform created by the chief executive of a prominent online retailer. He was intrigued and clicked on a link to the company's website, which looked legitimate. After leaving his contact details Mr W received a call from someone who said he was a financial advisor from a company I'll refer to in this decision as M. The advisor discussed goals with Mr W.

The advisor helped Mr W to open an account with Revolut and with a cryptocurrency exchange using a screen sharing app. He advised Mr W that he'd need to send funds from his bank account to Revolut and then to the cryptocurrency exchange.

I have set out in the table below the payments Mr W made from his Revolut account.

Date	Amount
10/06/22	£500
13/06/22	£1,755
15/06/22	£2,500
16/06/22	£3,250.21
<b>Total</b>	<b>£8,005.21</b>

The final payment was made to release Mr W's funds. After paying it, Mr W says that his accounts were closed or frozen. He reported the scam to Revolut on 25 June 2022 via its in-app support.

Revolut considered Mr W's claim but didn't agree to reimburse any of his loss. It said:

- It provided scam education to customers in blogs and articles.
- Mr W breached the terms and conditions of his account when he shared banking details with the scammer (to allow remote access).
- It had reasonable measures in place to warn Mr W before he authorised the transactions and provided a warning when the new beneficiary was set up. The warning asked if Mr W trusted the beneficiary and advised of the possibility of losing funds.
- Revolut contacted the beneficiary but was advised that no funds remained. It also helped Mr W to secure his account and remove the screen sharing app the scammer told him to install.

Mr W was unhappy with Revolut's response and brought a complaint to this service. He said Revolut should refund him in full and also pay the fees of his representative.

### *Our investigation so far*

The investigator who considered this complaint didn't recommend that it be upheld. He said this because he didn't think the payments were so unusual and out of character that Revolut should have flagged them and taken further action, particularly as the account was new with no spending history.

Mr W didn't agree with the investigator's findings, so the complaint has been passed to me to consider. In summary, he said:

- Scam payments from a newly opened account should have triggered as a known pattern of fraud and Revolut should be aware that scammers regularly ask victims to open new accounts to facilitate fraud. Mr W referred to a section of a published decision which says that newly opened accounts present a higher risk of misuse compared with established accounts.
- Revolut ought to have been aware of the high risks associated with cryptocurrency trading and of the prevalence of scams related to it and put mechanisms in place to detect and prevent them.
- Mr W sent £8,005.21 in a short space of time and sometimes made multiple payments in a day to a payee linked to cryptocurrency.
- Creating a new payee is a high-risk activity but Revolut failed to flag it.

### **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.

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. And a customer will then be responsible for those transactions that they have authorised.

It's not in dispute here that Mr W authorised the payments. He accepts he made them himself, with the help of the scammer. So, while I recognise that he didn't intend the money to go to a scammer, the starting position in law is that Revolut was obliged to follow his instructions and process the payments. Mr W isn't automatically entitled to a refund.

The regulatory landscape, along with good industry practice at the time, also sets out an expectation for account providers to consider the interests of their customers and treat them fairly. I think this included monitoring accounts to look out for unusual activity and trying to protect customers from fraud and financial harm. So, I've also thought about whether Revolut did enough to try to keep Mr W's account safe.

Mr W's account with Revolut was opened on 9 June 2022 and the first scam payment was made the following day, with further payments taking place over the course of nearly a week. So there was no account history to compare the transaction with. One of the reasons given for opening the account was cryptocurrency so the transfers Mr W made were in line with his chosen account opening reason.

Although I appreciate the overall loss has had a significant impact on Mr W, the value of each transaction was relatively low, and they were not made in quick succession. And setting up a new payee on a recently opened account isn't unusual, and neither is making payments to that new payee. I accept there is a greater risk in respect of transactions from a newly opened account compared with an established one, but I don't consider it reasonable to expect an electronic money provider to question all payments from a recently opened account, unless there are other factors that ought reasonably to have concerned Revolut. To do so would cause huge disruption to the many legitimate payments that are made from new accounts each day.

I also appreciate that Mr W made transfers to a cryptocurrency exchange, but I don't think there was enough going on that Revolut needed to do more than it did in providing a new payee warning on 10 June 2022 which 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 W was then required to confirm that he knew and trusted the payee.

Whilst cryptocurrency can be associated with scams many transactions are genuine.

Given that the payments went to a genuine cryptocurrency exchange there wasn't anything Revolut could do to recover them. I can see that Revolut tried but without success.

Mr W has asked for his representative's fees to be paid. Even if I had upheld his case, I wouldn't make an award in respect of these fees. This service is free and informal so that complaints can be brought to us directly.

Overall, whilst I'm really sorry to hear about Mr W's loss as a result of a cruel scam I can't reasonably ask Revolut to refund him.

### **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 W to accept or reject my decision before 16 October 2023.

Jay Hadfield  
**Ombudsman**