

## **The complaint**

Mr H complains that Revolut Ltd refuses to refund payments he says weren't authorised by him.

## **What happened**

Mr H saw an advert on social media for an investment company I'll call 'P' that he says was celebrity endorsed. Mr H clicked on the advert and received a message explaining the investment opportunity to him. Under the guidance of one of P's representatives, Mr H decided to open a trading account with them. Mr H paid P via one of his other banking providers and in September 2022, he was able to withdraw £480 from his trading account. This convinced him the investment was real.

Mr H was able to monitor his investment via his trading account and would receive regular updates from P's representative.

Mr H was persuaded by P's representative to open an account with Revolut. Payments of £3,000 on 28 December 2022 and £802 on 29 December 2022 were paid from Mr H's Revolut account (using his debit card) to a crypto exchange I'll call 'C'. He says these were made without his knowledge or consent.

Mr H realised P was operating a scam when he was unable to withdraw his profits – despite paying the fees requested by P.

Mr H complained to Revolut that it didn't do enough to protect his account as the payments were not made by him. Revolut declined to refund Mr H's loss and so he referred his complaint to this service.

One of our Investigators reviewed the complaint and felt Mr H had authorised the payments. He also didn't think an intervention from Revolut would have made a difference and noted Revolut had blocked payments prior to the second disputed payment but Mr H hadn't been honest in his answers.

Mr H asked for an Ombudsman to review his complaint. He said in summary:

- The payments were unauthorised and he has no knowledge of ever making them or being contacted by Revolut about them.
- He had no knowledge of Revolut was and remains completely unaware of how C works or where the money was sent. He was told to set up this Revolut account under the guidance of the scammers but has no knowledge of ever providing the scammers with remote access, OTP or other codes.
- He was asked to provide various forms of ID during the scam to validate his investments, this included a utility bill and other documents around the time the payments were made. He would like clarity on whether the payments were set-up on the same device that opened the account originally as he believes the scammers did this themselves.

- Any in-app chat or warning would have likely been intercepted by scammers. A telephone call would have uncovered that he had no knowledge of the payments being taken.
- He is elderly and more susceptible to the social engineering and manipulation tactics frequently used by scammers.

On 15 September 2023, I issued a provisional decision not upholding this complaint. For completeness, I repeat my provisional findings below:

*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 don't intend to uphold this complaint but I've provided additional reasoning as to why.*

*Firstly, I've not seen any evidence that Revolut ought to have been aware that Mr H was vulnerable at the time he opened his account, or when payments debited the account. I don't think Mr H's age alone ought to have been indicative to Revolut that he was vulnerable or incapable of making independent financial decisions.*

*In line with the Payment Services Regulations 2017 (PSRs), Mr H isn't liable for unauthorised transactions, unless Mr H failed with gross negligence of intent to comply with the terms of the account or keep personalised security details safe.*

*I've considered whether Mr H authorised the transactions that has been disputed – and so, in line with the PSRs, whether he completed the agreed steps to make the payments or gave consent for someone else to complete them.*

*Here, Mr H accepts that he entered into an investment with P prior to opening his Revolut account. He also says P's representative suggested he open an account with Revolut and this was all guided by them and he has no knowledge of Revolut. However, I've reviewed some in-app chats Mr H had with Revolut and I've seen that his account was limited in October 2022. Revolut explained it needed to carry out further security checks. I've seen that Mr H didn't reply to Revolut's contact but also didn't use his Revolut account again until December 2022. Mr H contacted Revolut on 22 December 2022 to explain he was trying to deposit funds to his Revolut account but each time he tried it said his account was limited. Revolut asked Mr H to take a photo of himself along with the date and time of his request. I've seen that Mr H provided this information but Revolut asked for better images. Mr H provided multiple images within seconds and minutes of Revolut's requests, so I'm satisfied this was him communicating with Revolut. I don't think it would be possible for a fraudster to have intercepted Revolut's in-app chat with enough time to trick Mr H into providing the specific evidence requested of Mr H – specifically around the date and time of his requests. Particularly as he explained he doesn't recall providing any third party with remote access to his computer.*

*Revolut then asked a number of questions of Mr H. Amongst those questions, Mr H was asked;*

*'Have you received any calls recently from anyone telling you to create a Revolut account and encouraging you to make an outbound transfer'*

*Mr H answered 'no' to this question.*

*Mr H was asked to list the devices he used for his Revolut account, he said 'mobile only'. Mr H was also asked the purpose of the account, he said it was for investments. He was asked whether someone offered him an investment proposal and whether he did prior*

research. He said; 'No I've made investments having carried out research myself at all times'. Mr H was instructed to change his password for the purposes of (amongst other things), One Time Passwords. He did so and Mr H's account was fully operational on 23 December 2022.

I've seen that prior to the disputed payments being made, Mr H funded his Revolut account from one of his external bank accounts with another provider. And the specific amounts that were transferred in, were subsequently paid to C the same day of the payments being received. Even if I accept Mr H's account with Revolut was compromised, it doesn't explain how a third party would have also compromised his security credentials with one of his other banking providers and why there was a gap in payments. If both of Mr H's accounts were compromised, I think it's likely a fraudster would have tried to take out as much as possible, as quickly as possible and there were also existing funds in Mr H's Revolut account that weren't utilised with the initial disputed transaction.

I've also seen that the transactions were made using Mr H's Revolut debit card. They also went through a further layer of security by being authorised via 3DS – which would have included Mr H receiving a notification in his Revolut app that required the password I'm satisfied he set up himself. The payments were also made using the same mobile device. I'm therefore satisfied the disputed payments were authorised and authenticated.

Given the existing relationship Mr H had with P and his explanation that the purpose of the account was for investments with them; I'm satisfied his intention was to send funds to his trading account with P prior to the disputed transactions being made. I've also seen that he took steps to operationalise his account some days before the disputed transactions were made and that he funded his Revolut account from an external banking provider. I'm therefore satisfied Mr H also consented to the disputed payments being made as he doesn't appear to have been aware that P were scammers at the time they were paid. And his testimony explains that he realised P was a scam when he couldn't withdraw his profits – which seems to be after the disputed transactions were made. As this is the case, I think it's most likely that he funded his investment account with P with the disputed transactions and would have consented to the payments being made.

At the time Mr H made his payments, payment service providers (PSPs) like Revolut were expected to process payments a customer authorised it to make; but as a matter of good industry practice, PSPs should take proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam.

There is a balance to be struck: PSPs had (and have) obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't be involved in every transaction.

All of the payments were sent to an account in Mr H's name. It was from that account that crypto would have been purchased and sent to the scam wallet, so I've factored this into my decision.

I don't think the first payment of £3,000 to C was unusual. Mr H had already explained to Revolut that he intended to use his account for investment purposes. He also explained he'd conducted his own checks into his investment opportunity and wasn't asked by any third party to open an account with Revolut. I therefore don't think this transaction would have appeared all that unusual in light of what Revolut was aware of.

Mr H's account was subsequently restricted but this is because Revolut wanted to verify the source of funds. Once it was able to do so, Mr H was permitted to make the second payment

*of £802. I don't think Revolut ought to have provided any additional warnings to Mr H at this point because it didn't have concerns about payments out of Mr H's account. Once it was satisfied the payment in was legitimate, it permitted the payment out – which was of low value and I don't think unusual or suspicious in appearance.*

*I don't think Revolut ought to have reasonably suspected that Mr H's account was at risk of financial harm from fraud to warrant an intervention. I also don't think it could have provided a better warning to Mr H because his answers to Revolut's general questions prior to the disputed payments wouldn't have given it cause to provide him with a more meaningful warning. This is because Mr H didn't answer entirely truthfully to the questions put to him and so I don't think Revolut would have been concerned about the potential payments out of the account. So, I don't think Revolut missed an opportunity to prevent the scam.*

### **Responses to my provisional decision**

Neither party provided any additional comment for me to consider.

### **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.

As neither party provided any further information for me to consider, I see no reason to depart from what I've said.

### **My final decision**

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 27 October 2023.

Dolores Njemanze  
**Ombudsman**