

The complaint

Miss S complains that Revolut Ltd won't refund money she lost to an investment scam.

What happened

Miss S is represented in this complaint by a solicitor, for simplicity I will refer to Miss S throughout this decision, even when referencing what her representatives have said on her behalf.

Miss S says that her son came across a cryptocurrency investment opportunity, and after she saw that he had made some profits from the scheme, she agreed to invest too. She was contacted by an agent who said they worked for the investment scheme and was encouraged to take out a loan for £10,000 and to open a Revolut account to use to move the money to an account with a cryptocurrency provider which had been set up in her name, and then on to the investment scheme. In August 2022 she made two payments from her Revolut account, for £5 and then for £10,000, and thought she had made a good profit on her investment. But when Miss S tried to withdraw her profits and faced various barriers, she became suspicious and ultimately realised that she had fallen victim to a scam.

In March 2023 Miss S reported to Revolut that she'd been scammed. Ultimately, Revolut did not think it was obliged to refund any of the money lost to Miss S. Miss S remained unhappy, and referred her complaint about Revolut to us. As our investigator (who didn't recommend that the complaint be upheld) couldn't resolve the matter informally, the case 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.

Having done so, I've reached the same conclusion as our Investigator, and for largely the same reasons.

It's not in dispute that Miss S authorised the payments herself as she thought she was dealing with a legitimate investment scheme. Broadly speaking, the starting position in law is that Revolut is expected to process payments and withdrawals that Miss S authorises it to make, in accordance with the terms and conditions of the account. And Miss S will then be responsible for the transactions that she has authorised.

Because of this, Miss S is not automatically entitled to a refund. But the regulatory landscape, along with good industry practice, also sets out a requirement for account 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.

In this case, I need to decide whether Revolut acted fairly and reasonably in its dealings with

Miss S when she made the payment requests, or whether it should have done more than it did.

In my opinion, the first payment – for £5 – was too small to have been of any concern to Revolut.

But the second payment that Miss S made was significantly higher, at £10,000. And given the size of this payment and that it was to a cryptocurrency provider, I think it was reasonable for Revolut to step in at this stage to query what the payment was for. And I can see that Revolut did so, it provided a written warning to Miss S that this payment had a high risk of being a scam, and asked her what the payment was for. When Miss S selected that it was for an investment, Revolut then showed her a more detailed warning setting out some of the common features of investment scams. Miss S chose to dismiss those warnings and to carry on with the payment.

I consider this to have been a proportional and reasonable intervention by Revolut at that stage. I appreciate that Miss S says that the warning did not specifically address the situation she found herself in, and that if Revolut had asked searching questions of her at this stage then the scam most likely would have come to light. But, given that this was a payment from an account Miss S had not used for any previous expenditure – and so Revolut would have no transaction history against which to compare the payment – and was to an account in Miss S' own name with the cryptocurrency provider, I'm satisfied that the tailored written warning given by Revolut was appropriate in the circumstances, I don't think further, more detailed intervention was warranted or that it would have been reasonable for Revolut to decline to process the payment.

After the payments were made, I wouldn't reasonably expect Revolut to have done anything further until Miss S notified it she'd been scammed. And this did not happen until March 2023, many months after the payments in question. But I've nonetheless thought about whether Revolut could have done more to recover the funds after Miss S reported the fraud.

However, in these circumstances, Miss S transferred money to her own cryptocurrency account before the funds were subsequently transferred on to the scammer. So Revolut wouldn't have the same obligations as if it had been responsible for the eventual transfer to the scammer's account. I also know, from experience of these kinds of cases, that scammers invariably will move the proceeds of their scams on very quickly, to avoid them being recalled. So any delay in a scam being reported, as there was here, means that the prospect of recovery is very slim. With all of this in mind, I don't consider that Revolut could have done more to recover the money that Miss S has lost.

I appreciate this will likely come as a disappointment to Miss S, and I'm sorry to hear she has been the victim of a cruel scam. However, I'm not persuaded that Revolut can fairly or reasonably be held liable for her loss in these circumstances.

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 Miss S to accept or reject my decision before 6 March 2024.

Sophie Mitchell
Ombudsman