

The complaint

Mr B complains that Revolut Ltd (“Revolut”) won’t refund him the money he lost after he fell victim to an investment scam.

What happened

The background to this complaint is well known to both parties, so I won’t repeat it in detail here. But in summary, I understand it to be as follows.

In or around August 2022, Mr B came across an article about cryptocurrency and became interested in investing. He completed an online enquiry form, for the company that appeared in the article, and was subsequently contacted to discuss investment opportunities. Having spoken to who he thought was an ‘account manager’ and believing everything to be genuine, Mr B decided to invest. But, unknown to him at the time, he was communicating with fraudsters.

The fraudsters told Mr B that he should open a new account with Revolut and from there he could transfer money to a digital wallet in his name. Mr B followed the fraudster’s instructions and set up a Revolut account, with the stated purpose of use being for ‘Transfers/Crypto’. Mr B went ahead and made the following payments to the digital wallet he held with another firm, and from there he transferred funds to accounts that the fraudsters controlled;

19 August 2022	£2,500
26 August 2022	£1,001

Mr B realised he’d been scammed when he tried to make a withdrawal, but was unable to. He raised the matter with Revolut, who looked into his complaint but didn’t uphold it. In summary, Revolut considered its controls were proportionate. It said it spoke with Mr B ahead of the first payment and followed his instruction to transfer the money, after informing him about the risks.

Unhappy with Revolut’s response, Mr B brought his complaint to this service. One of our Investigator’s looked into things but didn’t uphold Mr B’s complaint. In summary, our Investigator thought Mr B still wanted to go ahead with the payment despite questioning by Revolut. He added that Mr B had selected ‘safe account’ as the purpose for the first payment, but this wasn’t the scam type he was falling victim to. He thought the questions Revolut had asked were relevant to the type of scam it may have thought Mr B was at risk of. Alongside this our Investigator didn’t think Revolut ought to otherwise have been on notice that there was a risk of fraud.

Mr B didn’t agree with our Investigator’s view. As agreement couldn’t be reached the complaint has now been passed over 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.

I'm aware in his submissions Mr B has referred to other decisions issued by our service. But I would point out that, while on the surface complaints may seem quite similar, each complaint is determined by its own individual circumstances. Here, as I'm required to do, I've looked at the individual circumstances of Mr B's complaint.

I'm aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I've thought carefully about what both parties have told us and having done so, I agree with the conclusions reached by our Investigator. I don't consider there are grounds for me to fairly and reasonably ask Revolut to refund the money Mr B has sadly lost. I'll explain why.

It isn't in dispute that Mr B authorised the disputed payments he made to his digital wallet, where his funds were subsequently transferred on to the fraudsters, from his Revolut account. The payments were requested using his legitimate security credentials provided by Revolut, and the starting position is that firms ought to follow the instructions given by their customers in order for legitimate payments to be made as instructed.

However, I've considered whether Revolut should have done more to prevent Mr B from falling victim to the scam, as there are some situations in which a firm should reasonably have had a closer look at the circumstances surrounding a particular transfer. For example, if it was particularly out of character. I appreciate that overall Mr B has lost over £3,500, which is a significant amount of money. But on balance, I don't think the amounts paid, in and of themselves, would have appeared particularly unusual, such that they ought to have been regarded as suspicious. Especially considering in the circumstances of this case, where this was a new account Revolut had no account history to compare the activity against.

However, I note that for the first payment Mr B made he was required to select the reason for the payment, to which he selected "Safe account transfer". Revolut said it provided a warning in relation to this option. But this payment option ought reasonably to have put Revolut on notice that the payment being made might have been part of a scam, such that it should not have allowed it to go through unless it had been able to satisfy itself that the payment reason was selected in error.

Revolut did intervene, through its online chat, and asked Mr B some questions about the payment. I'm persuaded that in the circumstances of this case, the intervention Revolut took was proportionate and I wouldn't have reasonably expected it to do any more. Mr B was moving money to an account he held in his own name. He told Revolut he was moving his money from one personal account into another, and he told it he was doing this on his own and he had access to his other account.

I'm aware that Mr B, through his representatives, believes Revolut should have probed further. But in any event, even if I consider that Revolut should have asked further questions, I would fairly and reasonably have expected them to be questions around the potential risk of Mr B falling victim to a safe account scam – as, given the payment purpose Mr B had selected, that would be the most apparent fraud risk. But here, 'safe account' wasn't the reason he was making the payment anyway, so it seems unlikely that any further questioning along these lines would have led Mr B to believe he was being scammed.

Furthermore, even if I were to consider that as a result of further questioning Mr B would have divulged that the ultimate intention was for this money to be towards an investment – I don't think this ought to have caused Revolut any concern. I say this because it would have meant the transactions were in line with the stated account opening purpose Mr B had given, and there was nothing concerning about the payee, or the amounts, that I'm persuaded would have given Revolut any further cause for concern.

Overall, even if I were to accept that Revolut ought to have done more, on balance I don't think its failure to probe further could reasonably be considered as the proximate cause of Mr B's loss in these circumstances. I'm not persuaded there were sufficient concerning or contradictory factors, in the information available to the business at the time of the payment, to the extent where it ought to have been concerned that Mr B may have been at risk of financial harm.

Mr B has also argued that he was vulnerable, due to his age. While I note Mr B's comments, and from what he's said I understand this was a difficult time, the evidence I've seen doesn't suggest that Revolut had been notified of any vulnerabilities or needs such that it should have known to take additional steps to protect Mr B.

I've gone on to think about whether Revolut did enough to try and recover the funds after the fraud was reported. However, there would have been little prospect of these funds being recovered, given we know the money was transferred on to the scammer from the digital wallet. Therefore, I'm not persuaded Revolut could have reasonably done anything more to recover Mr B's funds.

Mr B has told us the impact this situation has had on him. I don't underestimate Mr B's strength of feeling, and I don't doubt this would have been a very difficult and worrying time for him. It's very unfortunate Mr B has lost this money in this way, and I understand the whole experience has been deeply upsetting and I do have a great deal of sympathy for him. But in the circumstances, I don't think I can fairly or reasonably say Revolut should have done more to prevent Mr B from losing this money. So, I don't think it would be fair for me to ask Revolut to refund the loss.

My final decision

My final decision is that I don't uphold this complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 8 January 2024.

Stephen Wise
Ombudsman