

The complaint

Ms V complains that Revolut Ltd (“Revolut”) won’t refund over £111,000 she lost as part of an investment scam.

What happened

The details of this complaint are well known to both parties, so I won’t repeat everything again here. In brief summary, Ms V fell victim to an investment scam beginning in April 2022 after seeing an advert for a broker on social media (“the scammer”).

Ms V was encouraged to invest and transferred around £111,000 from her Revolut account to her Skrill wallet between 19 April 2022 and 13 May 2022. This included the proceeds of a loan she had taken out to fund the investment, as well as funds borrowed from a friend. Ms V says her friend informed her at the time that there were warnings online saying the broker was a scam, but the scammer was able to convince her not to pay any notice to these warnings, so she continued investing.

Ms V eventually realised she had been scammed when she was asked to pay significant sums of money in order to withdraw her profits. She reported the fraud to Revolut, who said it wouldn’t be refunding the money she lost as she had authorised the transactions. Unhappy with this, Ms V referred her complaint to this service.

Our investigator upheld the complaint. He considered that Revolut should have intervened when Ms V attempted to pay £12,000 on 19 April 2022 as the payment ought to have flagged as suspicious. He thought that it could’ve revealed the scam and prevented any further loss if it had questioned Ms V about the payment and warned her she was at risk of losing her money. As a result, the investigator thought that Revolut should refund 50% of the money Ms V lost from this point onwards, sharing liability with Ms V. Revolut didn’t agree to settle the complaint on this basis, so the matter was escalated to me to determine.

I issued my provisional decision on this complaint in November 2023. I said I didn’t intend upholding it and set out the following reasons:

It isn’t in dispute that Ms V authorised the disputed payments she made to her Skrill wallet from her Revolut account (where her funds were subsequently transferred on to the scammers from her crypto wallet). The payments were requested using her 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 Ms V 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 there would have been cause for Revolut to either provide a scam warning or even question Ms V about the payments in light of her payment activity.

She sent three payments to Skrill on the same day (19 April 2022) totalling around £23,000, for example, which I think ought to have given Revolut cause for concern. However, even if Revolut had intervened at this point and provided a warning or asked further questions about the nature of the payments Ms V was making, I'm not persuaded it would have likely stopped her from proceeding or have ultimately prevented her loss in any event. I'll explain why.

Ms V has said that during the scam, she began to doubt the legitimacy of the investment when her friend showed her various reviews from Trustpilot indicating that the broker was fraudulent. However, Ms V said she spoke to the scammer about this and they were able to reassure her the company was legitimate by telling her that not all reviews are genuine. She said she had developed a trusting relationship with the scammer and so disregarded the warnings and continued to follow their advice and make payments. Therefore, given a warning from Ms V's own trusted friend failed to reveal the scam, I'm not persuaded a warning from Revolut would have made any difference either, as it seems likely the scammer would have been able to assuage any doubts she had, as they had been able to previously.

In addition, even if Revolut had questioned Ms V further, I'm not persuaded it would have likely received an accurate account of what was happening in order to provide Ms V with a tailored warning. I say this because, as part of the same scam, Ms V was questioned about the payments she was making to her Revolut account by another bank she holds an account with. It asked her why she was transferring the funds and she said that she was "saving money". This was clearly misleading as she wasn't sending money to her Revolut account to save money; she was using it to send money to a crypto wallet. It isn't clear why Ms V wasn't upfront with her other bank, and it may be that she was coached by the scammer to give misleading answers if questioned, which can be fairly common in investment scams. But it leads me to conclude that even if Revolut had questioned Ms V about the payments, she likely wouldn't have given upfront and honest answers.

I also don't think there was anything more Revolut could have done to recover the funds either given we know they were swiftly transferred out of Ms V's crypto wallet and on to the scammer.

Overall, even if Revolut could have intervened in this instance, I'm not persuaded this would have likely prevented her loss. Therefore, I don't think its failure to look more closely into the payments can be considered the proximate cause of Ms V's loss in these circumstances, as it seems likely she would have continued to make the payments irrespective of any warning or intervention. As such, I intend finding that it wouldn't be fair and reasonable to hold Revolut liable for failing to prevent the scam.

I invited further comments and evidence from both parties. Ms V's representatives disagreed with my provisional conclusions. In summary, they said:

- After realising she would not receive her funds and had been scammed, Ms V suffered from depression and was hospitalised. These vulnerabilities would have impacted Ms V's decision-making abilities and rendered her extremely susceptible to fraud.
- Revolut failed to protect Ms V when it didn't intervene in response to unusual activity on her account. Had she been questioned by Revolut, a detailed discussion would have likely prevented her from taking out the loans or making any further payments.

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.

First, I'm sorry to hear about the difficult time Ms V has been through, and I do not doubt the impact this scam has had on her. However, it seems that most of the conditions Ms V has suffered from, which she says has made her vulnerable, were brought on as a *result* of the scam. i.e. she has said that she was hospitalised and felt suicidal as a result of the fraud and being unable to access her money. Therefore, this wouldn't have impacted her ability to protect herself from the risk of fraud *before* she lost her money, and I can't see that Revolut had been made aware (or should have otherwise been aware) of any vulnerabilities at the time either.

As I set out in my provisional decision, I accept that Revolut didn't do enough to protect Ms V from falling victim to the scam as I do consider it ought reasonably to have made further enquiries and provided a scam warning. However, this doesn't mean it is automatically liable for any losses she incurred, as it would only be expected to refund the payments if its failure to intervene and provide a warning can be considered the proximate *cause* of her loss.

Ms V says that a detailed discussion with Revolut would have likely instilled enough doubt in her to have stopped her from proceeding further. However, I have to take into consideration that Revolut does not operate in the same way as banks, as it carries out most of its interactions with its customers via its mobile banking app. So, I wouldn't have expected Revolut to call Ms V in order to have a "*detailed discussion*" with her as she submits. But, I *would* have expected it to make further enquiries through its app to seek to narrow down the purpose of the payment in order to provide a scam warning specific to the circumstances of the payment being made.

However, as I've outlined previously, Ms V was not honest with her other bank when she was questioned about what she was doing. Therefore, on balance, it doesn't seem likely she would've been upfront with Revolut either, meaning it wouldn't have been able to provide a tailored and impactful scam warning. So, I'm not persuaded a warning from Revolut would have ultimately prevented the scam, not least because Ms V had already been warned by her friend and continued to make payments anyway. As a result, I don't think Revolut's failure to provide a warning can be considered the proximate cause of Ms V's losses, as it seems she would have always gone on to make the payments. It follows that Ms V's recent submissions have not changed the conclusions set out in my provisional decision.

I appreciate this will likely come as a disappointment to Ms V, and I'm sorry she's fallen victim to such a cruel scam. But in the circumstances, I don't consider Revolut can fairly or reasonably be held liable for her loss.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms V to accept or reject my decision before 2 January 2024.

Jack Ferris
Ombudsman