

The complaint

Mr P complains Revolut Ltd won't refund the money he lost to a scam.

What happened

In late 2022, Mr P and his wife (Mrs P) were looking to invest. They saw and replied to an advert online and were contacted by a broker for a trading company, 'B'. They looked up B and found mixed reviews so questioned the broker – who suggested the negative reviews could have been left by competitors. Mr and Mrs P decided to invest with B. Unfortunately, it was a scam; Mr and Mrs P's funds weren't really being invested.

B told Mr and Mrs P to download remote access software, supposedly so it could help with the trading. It also instructed Mr P to set up a Revolut account and a cryptocurrency wallet. Mr and Mrs P would send funds from their existing bank account(s) to Mr P's Revolut account and then on to the cryptocurrency wallet. It seems they would then purchase cryptocurrency and send it on to B's trading platform.

Mr P sent £4,100 via his Revolut account in December 2022. Shortly after, he was able to withdraw around \$50 from the trading platform, which further reassured him it was legitimate. Across January and February 2023, Mr P sent around £165,000 more to B via his Revolut account. He says he had been expecting to receive profits, but was then told he was at a loss, and was then given various reasons for why he needed to keep paying more (such as a new form of investment being offered). He says this made him suspicious, so he looked into B further and realised it was a scam.

Via a professional representative, Mr P complained to Revolut that it missed opportunities to intervene and warn him about the risk he was being scammed. As Revolut wouldn't accept liability for his loss, Mr P referred his complaint to our service.

Our investigator found Revolut had questioned Mr P about the first scam payment – and he hadn't disclosed the full details of what he was doing. Then in February 2023, Mr and Mrs P's bank warned them it thought they were being scammed – but they continue to pay B. Overall, the investigator thought Revolut should have done more, but wasn't persuaded that would have prevented the loss.

Mr P has appealed. He says Revolut should have done more. And as he had been truthful when questioned by his bank in February 2023, that shows Revolut should have been able to stop the scam.

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 agree with the conclusions reached by the investigator. I'll explain why.

In line with the Payment Services Regulations 2017 (PSRs), Revolut is expected to execute authorised payment instructions without undue delay. It's agreed Mr P authorised the payments he is disputing, albeit he did so due to being tricked by a scam. So the starting position is that Mr P is liable for them.

That said, there are circumstances when it might be appropriate for Revolut to take additional steps before processing a payment. Such as when there are grounds to suspect it presents a fraud risk. That might occur when a payment is significantly unusual compared to the normal use of the account – and/or the account activity fits a known pattern of fraud. If Revolut failed to respond proportionately when it ought to have been alert to such a risk, and that failing caused or contributed to Mr P's loss, it might be fair to hold it liable.

As the account was newly opened, Revolut didn't know how Mr P normally transacted. Regardless, it did identify the first scam payment as presenting a risk. So I've considered whether it ought to have been able to uncover the scam at that point.

Revolut raised several points relevant to the scam Mr P fell victim to. It asked if he had been told to set up the account and whether he had downloaded any remote access software. Mr P claimed he hadn't. He also told Revolut he wasn't in contact with anyone about the investment.

It's not particularly clear to me why Mr P answered in this way, as he was in contact with B's broker about the investment – who had also told him to set up the account. And he'd also downloaded a screen sharing application. But I think it was reasonable for Revolut to rely on what Mr P said, which suggested what he was doing didn't meet the usual hallmarks of a cryptocurrency scam.

As Mr P confirmed he wanted to proceed with the payment in light of a further warning about the risks of such scams, I consider it reasonable that Revolut followed his payment instructions. I don't think it's at fault for not uncovering the scam. I'd point out that the funds were being sent to a cryptocurrency merchant who, so far as I've been made aware, did provide the expected service (i.e. loading the funds to Mr P's wallet and sending them on). So, bearing in mind what Mr P told it, Revolut wouldn't have known the funds were being sent on to another trading platform – which is where the fraudulent loss was incurred.

After questioning Mr P about the first payment, it doesn't appear Revolut questioned him about any further payments – despite a significant escalation in the account activity in February 2023. Prior payments had been in the region of £5,000. Mr P then made several payments up to £20,000 within one day. In light of the size and volume of the payments, I do think it was remiss of Revolut not to question Mr P at this point.

However, that in itself doesn't mean it's fair to hold Revolut liable for Mr P's subsequent loss. Again, I need to consider if its failings had a material impact on the loss he incurred. Having carefully considered this point, I don't think they did.

That's because, two days later, Mr and Mrs P's bank spoke to them about the money they were attempting to transfer to Revolut to fund the scam payments. At that point, Mr P divulged that he was using remote access software, and that he was investing through a 'banker' he had met online. The bank said they wouldn't let him proceed with the payment because they thought he was being scammed, explaining the set-up raised "high red flag risks".

Mr P said he was careful and had been looking into the investment over months. The bank explained they had seen cases where scams like this occurred over years. They checked B's website, and told Mr P they thought it looked suspicious. They also checked reviews online and warned Mr P there were several branding B a scam which they advised him to look at for himself.

Following this call, Mr P went on to send over £45,000 more on to the scam. While he says the fact he was open with his bank means Revolut should have uncovered things, I don't think that seems likely given that such a comprehensive warning just two days later didn't dissuade him from proceeding. He had been put on notice of the scam, yet continued to send substantial sums to B. That leads me to think it's unlikely further intervention by Revolut would have prevented him from incurring these losses.

In saying all of this, I am mindful Mr P (and Mrs P) have fallen victim to a sophisticated scam. Particularly as I think Revolut ought to have done more, I can see why they feel strongly in pursuing this matter. But having carefully considered all the circumstances, I don't think Revolut's failings were the cause of the fraudulent loss. I've therefore decided not to direct Revolut to reimburse Mr P.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 2 May 2024.

Rachel Loughlin
Ombudsman