

The complaint

Ms M has an account with Revolut Ltd, which provides payment services in the UK and abroad. During February-March 2023, she invested in crypto currency.

In mid-May 2023, Ms M received a phone call from a company (the reclaim company) which told her that her investment had grown massively and that it would retrieve all the money for her for a fee. Ms M paid the fee. But the reclaim company never sent her any money and she now believes it was fraudulent.

Ms M thinks that Revolut should have stopped her sending money to the reclaim company. It didn't, so she wants it to refund her the money she lost.

What happened

The context of this complaint is quite complex, and we have received contradictory information from both Ms M and Revolut about what payments Ms M made and to whom.

As well as the reclaim company and Revolut, two other companies have been mentioned as being relevant to this complaint. Both of these appear to have offered Ms M the opportunity to invest in crypto currencies, and Ms M has implied that she sent money to both of them from her Revolut account. They had similar, though not identical names, I will refer to them as crypto company 1 and crypto company 2.

In summary, Ms M has told us the following :

- In February-March 2023, someone contacted her by social media and encouraged her to invest in crypto currency. She originally said she invested £250, (more recently she said she invested £10,000, but I believe this was probably an error due to confusion between the two crypto companies and the reclaim company).
- In May 2023, the reclaim company contacted her saying that her investment had grown from £250 to £87,000 and it would retrieve the money for her for a fee of £10,000. On 19 May 2023, she transferred £10,000 into her Revolut account from an account she held with a UK bank, and then sent the same amount to the reclaim company. *She is only complaining about this payment (the reclaim payment).*
- The reclaim company never sent her any money. But a few days after she sent it the fee of £10,000, it contacted her again and asked for a further fee of £12,000. At this point, she suspected fraud and didn't send any further money.
- She reported the possible fraud to Revolut on 23 June 2023.

In summary, Revolut has told us:

- Ms M did not use her Revolut account to make any payments to either the reclaim company or to crypto company 2.

- Before 19 May 2023, Ms M *had* used her Revolut account to send money to crypto company 1. (At various points, Revolut has mentioned that she made two, a few, or five such payments. It has said that they were all for a low value. It hasn't defined "low" but has stated specifically that none of the payments were for £250).
- On 19 May 2023, Ms M transferred £10,000 to her Revolut account from a UK bank account and then paid the same amount to crypto company 1, using Revolut's online service for fast payments.
- Ms M reported possible fraud to Revolut on 19 June 2023.

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.

Firstly, given the contradictions in Revolut's and Ms M's description of what happened in the lead-up to this complaint, I would like to set out what I think is the most likely sequence of events, based on the evidence both parties have sent us:

- During February-March 2023, someone contacted Ms M through social media and encouraged her to invest in crypto currency.
- Following this, she sent several payments to crypto company 1 from her Revolut account. (She *may* have also sent money to crypto company 2 directly from her UK bank account, but this is not relevant to this complaint about Revolut).
- In May 2023, the reclaim company contacted Ms M telling her that her investment had grown massively and asked for a fee of £10,000 to reclaim the money for her.
- After speaking to the reclaim company, on 19 May 2023 Ms M transferred £10,000 into her Revolut account and then sent it to crypto company 1. (She, or possible fraudsters, *may* then have transferred the money onto the reclaim company or elsewhere, but Revolut was not involved in this transaction).
- The reclaim company did not send Ms M any money in return for the fee, and on 19 June 2023 she reported possible fraud to Revolut.

After Ms M first reported possible fraud to Revolut, it replied to her saying that at that stage she had not demonstrated that any fraud had taken place. However, given the way events unfolded, it seems to me that the reclaim company did act fraudulently towards Ms M. In later correspondence, Revolut also seems to have accepted this.

Sadly, frauds of the type the reclaim company has (probably) committed occur too frequently. The usual pattern is for fraudsters to contact their victims and persuade them to instruct a bank, or payment service provider (like Revolut), to send money to an account the fraudsters control in return for goods or services which the fraudsters have no intention of ever providing.

While payment service providers are normally expected to act on their customers' instructions, they also have a role to play in trying to stop APP fraud. At the time of this fraud, I would have expected Revolut to be looking out for unusual payments, or unusual

patterns of payments. And if it saw anything suspicious, I would have expected it to check with the customer concerned and check if the customer wanted to go ahead.

There is no doubt that Ms M followed Revolut's normal procedures when she sent the reclaim payment to crypto company 1. By doing so, she effectively instructed Revolut to make the payment for her.

Revolut has told us that it didn't make any checks before processing the reclaim payment. But it has also said that as crypto company 1 was operating legitimately at the time, the reclaim fee was *not* fraudulent. It has explained that in its view "*the fraudulent activity did not take place primarily on the Revolut platform. Revolut was only used as an intermediary to receive money from (Ms M's) main bank account (held with a UK bank) and then transfer onto Ms M's legitimate external account held with crypto company 1.* As it was not responsible for processing funds into the (probably) fraudulent reclaim company's account, it has said that it can't be held responsible for Ms M's loss to the fraudsters.

Revolut has also said that it didn't make any checks on the reclaim payment because Ms M had sent money to crypto company 1 several times during the preceding months, crypto company 1 was operating legally, and Revolut had already sent Ms M warning messages about possible frauds on previous occasions.

Ms M has pointed out that at the time, the Financial Conduct Authority (FCA) had issued warnings that crypto company 2 may have been used for fraud and so Revolut should have intervened. However, as Ms M sent the reclaim payment to crypto company 1, these warnings were not relevant.

Overall, it seems to me that Revolut's position that it was not involved in the fraud is correct. In this particular case, I also think that its explanation for not intervening before processing the reclaim payment is reasonable. Taking both these factors into account, I don't think it would be fair of me to tell Revolut to give Ms M any money back.

I'm not sure if Revolut attempted to recover Ms M's money for her after she reported the possible fraud. But, as Revolut had only transferred her money to a legitimate destination *and* a long time had passed between the possible fraud and Ms M's report, I very much doubt that any such attempt would have been successful.

My final decision

For the reasons I have given above, I am not upholding Ms M's complaint about Revolut Ltd. I am not going to tell it to give her any money back

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 15 January 2024.

Steve Townsley
Ombudsman