

The complaint

Mr K complains that Revolut Ltd won't refund the money he lost when he fell victim to a scam.

What happened

Mr K was looking for investment opportunities when he saw a social media advert for an investment company, X. After looking into them, he thought they seemed professional, so decided to invest. As part of this process, X got Mr K to download remote access software – supposedly to help with their trading platform.

Mr K started investing in April 2021. After making payments from two existing accounts (with 'S' and 'N'), he opened an account with Revolut around October 2021. Then in May 2022, he started making payments towards the scam – largely via card payments to cryptocurrency merchants, likely to buy cryptocurrency to load onto the platform.

Most of the Revolut payments were funded by loans, paid into Mr K's account with N then transferred on to Revolut. Mr K says the loans were mainly applied for by X on his behalf. I can see from the message exchange he has provided that, in relation to one loan, he was told they had inflated his salary and could provide payslips if needed. He also asked what he should say the money was for and they replied, "home improvements".

While Mr K initially thought his investment was doing well, X then told him there had been a market crash and his investment was dropping. It pressured him to pay more money in a bid to recover his profits. They then told him there had been a data breach which was preventing him from accessing the trading platform. Over time, he realised he had been scammed. He then complained to Revolut (via a professional representative) that it hadn't done enough to protect him when he had made the scam payments.

Revolut didn't uphold Mr K's complaint. And, when he referred the complaint to our service, nor did our investigator. She thought Revolut ought to have issued a general scam warning when Mr K had made the first scam payment – but wasn't persuaded that would have prevented his loss.

Mr K appealed the investigator's outcome. In summary, he said Revolut should have asked open questions about the payments, and his responses would have made it clear he was being scammed.

I then issued my provisional decision in February 2024, explaining why I wasn't minded to uphold his complaint:

In line with the Payment Services Regulations 2017 (PSRs), Revolut is expected to execute authorised payment instructions without undue delay. It's agreed Mr K authorised the payments he is disputing, albeit he did so due to being tricked by a scam. So the starting position is that he 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 the payment presented a fraud risk. That might occur when a payment is significantly unusual or uncharacteristic compared to the normal use of the account. And/or if the account activity fits a known pattern of fraud.

Here, the Revolut account was recently opened, and hadn't been used to make payments prior to the scam. So, Revolut didn't know how Mr K normally transacted, in order to know what might look unusual for him. However, he did send two payments of a fairly significant size in one day, having not made external payments before. I think it would have been proportionate for Revolut to have issued a broad scam warning at this point.

However, I agree with our investigator this was unlikely to have uncovered the scam. It's clear from what he told us that he was following X's instructions, and he had been dealing with them for over a year by this point. So, I don't think a broad scam warning was likely to have dissuaded him, as it would likely have been outweighed by the relationship he had built up with X.

That said, I think there was more Revolut ought to have done. Having paid £9,200 to a cryptocurrency merchant, Mr K then sent £22,500, over five payments just over a week later. Two payments went to the same cryptocurrency merchant; two went to another cryptocurrency merchant; and there was also a transfer to another account.

By that point, I think the amount, volume and character of the payments ought to have prompted further fraud concerns. It was a significant escalation compared to Mr K's prior payments, and arguably fit a known pattern of fraud. So, I think Revolut should therefore have reached out and questioned Mr K about what he was doing – in order to better gauge the fraud risk, and to warn Mr K of this as appropriate.

As I've found a failing on Revolut's part, I've considered how/whether that materially affected Mr K. If I think appropriate intervention would likely have prevented his loss, it might be fair to hold it liable for this. But if I'm not persuaded he would have been dissuaded, I wouldn't fairly expect Revolut to refund him.

I've considered this point carefully. I think this is quite a finely balanced judgment. I have asked Mr K for as much information as possible about the scam, such as records of his contact with the scammers and his recollections of what he understood at the time, to help me make a fair finding on this point.

Not all of the information I have asked for has been provided. For example, I haven't been provided with records of any intermediary wallets used to send the funds on to X. And while I've been provided with some message exchanges with X, looking at the dates – and the references to other emails/messages within these – it looks to me like there was probably further contact I've not seen. But I'm satisfied I've seen enough to persuade me that Mr K was scammed, and to get an overall sense of his interactions with X.

On balance, I'm not persuaded further questioning by Revolut would have uncovered the scam. I consider it likely Mr K would have been coached by X on how to respond to Revolut – and would therefore have answered its questions in a way that made the risk less obvious.

There are a few reasons for this. As mentioned, there are several other firms who were involved in the scam (both account providers and lenders). And there is evidence to show Mr K wasn't honest with them about the scam. For example, when paying one recipient, Mr K selected he was paying "friends or family". But when questioned, he said he understood the payment was being uploaded to his trading platform with X.

When I asked Mr K why he thought he should select this option, when it didn't fit what he thought he was doing, he said it was because he was directed to select it by X. So, that shows he was open to following X's instructions to give false responses. In a similar vein, I can see he was willing to give a false reason for the lending being used to fund these payments. And he was also aware X had put down a false salary on an application, yet still continued dealing with them and following their instructions.

This all suggests Mr K would have taken guidance from X on what to say if the payments were stopped, and therefore wouldn't have responded in a way that made the scam risk particularly obvious. For example, we often see scammers directing consumers not to reveal that they are being guided by a party, and to say they are simply investing directly.

Overall, I'm not convinced Revolut would have been put in a situation to give an effective scam warning. Nor am I persuaded it's likely Mr K would have been particularly swayed by intervention from Revolut. By the time of making these payments, he had been dealing with X for over a year. So, I don't think he was particularly open to Revolut's warnings or influence about what he was doing.

After this, Mr K only sent two more payments to the scam, for lesser amounts. I don't think those reasonably warranted further intervention as they didn't appear unusual in amongst the account activity. It was reasonable for Revolut to process those payments in line with Mr K's authorised payment instructions.

In all the circumstances, I don't consider it fair to hold Revolut at fault for failing to prevent Mr K's loss at the time of the payments. Nor does it appear to have missed an opportunity to recover the funds. By the nature of the scam, it appears the funds were moved on from the recipients and on to X. There is no allegation that the cryptocurrency merchants didn't load the funds to Mr K's own wallets before they were then sent on and lost to the scam. So, when notified of the scam, I don't think Revolut was likely to have succeeded in recovering them.

I appreciate this will be disappointing for Mr K. This was a sophisticated scam, and I can see the scammers used social engineering techniques to trick him. But in all the circumstances, I'm not persuaded it would be fair to hold Revolut liable for the loss Mr K is seeking to recover.

I invited both parties to submit any further comments or evidence they wanted me to consider. Revolut responded to say (in summary) that it doesn't have a duty to prevent fraud or scams. It also said Mr K hadn't performed any due diligence, and it doesn't think further intervention would have been effective.

Mr K responded to say he hadn't been looking for investment opportunities, he came across X through a free demo on social media. He thought they were linked to a similarly named, genuine company he had used previously for transferring money. He looked up X's reviews and didn't find anything saying it was a scam. Everything had been okay until early 2022 – when he was told the investment had dropped and he was worried about being pursued for the debt.

Mr K says, if Revolut had stopped a payment and told him it thought he was being scammed, he would have heeded that warning. He also questions why we're not asking Revolut to pay anything when we asked another bank to refund him 50% of his loss for the same 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've decided not to uphold it. That's largely for the reasons addressed in my provisional findings, which are set out above and form part of my final decision. So I'll focus here on addressing the responses put forward following my provisional decision.

Revolut has put forward various reasons for why it doesn't think it holds liability for Mr K's loss. As I've not found that Revolut should refund Mr K, these reasons don't affect my outcome/decision.

Mr K has clarified he wasn't looking for an investment opportunity when he came across X. My understanding that he had been researching investments came from the initial submissions made by his representative. Regardless, that point doesn't have a bearing on the outcome I've reached.

I do understand Mr K's points about why he was taken in by the scam. As I covered in my provisional decision, the key issue here is that, bearing in mind how convinced Mr K was, I'm not persuaded Revolut was likely to have uncovered the scam.

For the reasons I've explained above, I consider it likely X would have coached Mr K on what to say if Revolut had blocked any of the payments. So, I'm not persuaded Revolut would have been put in a position where it could, and should, have warned Mr K that what he was doing sounded like a scam.

I appreciate why Mr K has questioned why he's not getting a refund from Revolut when another bank issued him with one off the back of our investigation. However, that case was considered separately – and also at a point where we had a less holistic view of the scam overall. It was also informally accepted, so was never determined by an ombudsman.

My role here is to review all the information to reach my own, independent decision on how this complaint about Revolut should be resolved. In doing that, I'd reassure Mr K that I have reviewed the other cases he has brought to us, to ensure I've got a full overview of how the scam unfolded. I'm not persuaded Revolut's (in)actions is what caused his loss here. So I therefore don't consider it fair to direct Revolut to refund him in full, or part, for the payments he made from his Revolut account towards the scam.

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 K to accept or reject my decision before 4 April 2024.

Rachel Loughlin
Ombudsman