

The complaint

Mr A complains that Revolut Ltd won't refund money he lost when he fell victim to a safe account scam.

Mr A is being represented by solicitors in this complaint.

What happened

The detailed background to this complaint is well known to both parties and has also been set out previously by the investigator. The facts about what happened aren't in dispute, so I'll focus on giving my reasons for my decision.

Briefly, Mr A fell victim to a safe account scam in December 2023. He received a call from an individual purporting to be from bank "H" who he has an account with. The caller advised Mr A that his account was at risk given his details were compromised, and he needed to move his money to keep it safe. He was instructed to open an e-money account with Revolut as this would protect his money and remove any potential threat.

After transferring money from his account with H into his new Revolut account, Mr A made three debit card transactions totalling £5,040 to a cryptocurrency provider. The purchased cryptocurrency was then transferred to cryptocurrency wallet addresses provided by the caller. Mr A states the caller told him that those wallets would secure his money, and that he would recover any lost money so long as he cooperated and didn't share details with friends and family. When the caller blocked him after the transfers were completed, Mr A realised that he had been scammed.

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.

It's not in question that Mr A was the victim of a cruel scam. And it's very unfortunate that he's lost a significant amount of the money. But Revolut doesn't automatically become liable to reimburse his loss. The starting position is that liability for an authorised payment rests with the payer, even where they are duped into making that payment. Here, it's not in dispute that Mr A authorised the transactions in question.

In broad terms, the starting position at law is that an Electronic Money Institution ("EMI") such as Revolut is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

But, taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to be good industry practice at the time, I consider it fair and reasonable that in December 2023 Revolut should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams,
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer,
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so,
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – (as in practice Revolut sometimes does including in relation to card payments),
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

The first disputed transaction, for £690, flagged as suspicious on Revolut's fraud detection systems and was blocked. Revolut advised Mr A that the payment was flagged as a potential scam and asked him to review the risks. It seems Mr A engaged with the review after a further attempt to make the transaction was also blocked. Revolut asked him to answer a series of questions, including whether he was being guided on what to do or being told that the situation was urgent. Revolut has provided Mr A's response to that question, as well as subsequent questions. I can see he told Revolut that no one was assisting or guiding him.

The next question Mr A was asked was why he was making the payment. Mr A was required to select from a list of options. He selected 'to transfer to another account'. Following this, Mr A was provided a scam warning which covered the typical features of the scam type Revolut had identified based on his answers. These included warnings about scenarios such as scammers impersonating Revolut or other institutions telling customers that their account was at risk, or or being asked to create an account with Revolut just for the purpose of depositing funds to a safe account. Mr A was also warned to be wary of unexpected calls that urged him to do something quickly, and to hang up and call the company himself to verify what he'd been told. The warning was presented over a series of screens which Mr A couldn't skip.

At the end of the warning, Mr A was presented with the option of unblocking payments or continue blocking them. He indicated that he wanted to unblock them. Revolut provided a final warning in the form of an attestation which required Mr A to tick "I accept" to confirm he understood and accepted the risks tied to the payment. And that he would only proceed if he was confident that it was legitimate. Following Mr A's confirmation, he was able to go back to the merchant's site (the cryptocurrency provider) and retry the payment. He was able to make the disputed transactions after this.

I've thought very carefully about what happened here. Revolut recognised that the transaction carried a heightened risk of financial harm from fraud and took additional steps. In the circumstances of this case, and given the transaction amount involved, I consider that the steps it took – establishing the nature of the transaction to provide a better automated

warning – was proportionate to the risk involved. Unfortunately, Mr A didn't respond to Revolut's queries accurately. For instance, he reassured the EMI that he wasn't being guided or being told this was urgent. I'm also mindful that the some of the scenarios covered in Revolut's warning, which couldn't be skipped, applied to Mr A's circumstances. So, they ought to have resonated with him.

Mr A's representative submits that it doesn't believe Revolut's intervention was impactful. This is due to an overload of generic scam advice and the use of closed questioning. The representative also argues that this was unusual activity on a brand-new account and the scam call was "highly-pressurised". I've considered the representative's appeal, but I disagree that Mr A was provided a generic scam warning. As I've mentioned, he was specifically warned that if he was asked to create an account with Revolut just for the purpose of depositing funds to a safe account, this was likely a scam. I understand the point the representative is trying to make regarding closed questioning and unusual activity on a brand-new account. But I'm satisfied that Revolut's questions to identify the specific type of scam risk involved were proportionate to the risk involved.

While I don't doubt that Mr A felt panicked, I can't ignore the fact that the payments happened over two days. I also understand from his representative's submissions that Mr A received a call from the scammer on each of those days. To my mind, this created a natural break in the pressured environment that is being argued.

What this means is that under the circumstances, I don't consider Revolut acted unfairly in executing Mr A's authorised instructions.

I've also thought about whether Revolut could have done more to recover the funds once it became aware of the situation, as in some circumstances the money can be recovered. As these were card payments, the recovery avenue would have been limited to raising a chargeback.

But Mr A's payments didn't go to the scammer directly, they went to a cryptocurrency provider. He wouldn't be able to make a successful chargeback claim in the circumstances because the merchant he paid did provide the service requested i.e., conversion of fiat money into cryptocurrency. The fact that Mr A forwarded on the cryptocurrency to the scammer doesn't give grounds for a valid chargeback against the cryptocurrency provider. I can see that Revolut did attempt a chargeback, but this was rejected for the reason I've explained.

In conclusion, I know that Mr A will be disappointed with this outcome. Despite my natural sympathy for the situation in which he finds himself due to the scammer's actions, for the reasons given, it wouldn't be fair of me to hold Revolut responsible for his loss.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 30 December 2024.

Gagandeep Singh
Ombudsman