

The complaint

Miss P complains that Revolut Ltd didn't do enough to protect her from making payments as part of an investment scam. She wants it to provide her with a refund and compensation.

What happened

The details of what happened are well known to both parties, and aren't in dispute, so I won't repeat them in detail. Briefly, Mrs P fell victim to an investment scam – as part of this she made four card payments to cryptocurrency platforms in two currencies. In November 2023, Miss P sent (in total) around 900 GBP and 900 PLN. When Miss P realised it was a scam she asked Revolut for a refund.

Revolut declined on the basis that Miss P had authorised the payments. It said it had appropriate controls in place at the time and that it couldn't recover her funds via a chargeback

When Miss P referred her complaint to our service, the investigator didn't uphold it. In summary they said they didn't think Revolut made an error by not doing more to prevent the payments. This is because they didn't think the payments would've appeared unusual for her account or high risk in the circumstances. Further they didn't think Revolut would have been able to recover Miss P's funds in the circumstances.

Miss P didn't agree, she said that she wanted the following points addressed:

- Revolut had insufficient security measures in place when sending money to cryptocurrency platforms. When she recently attempted a further payment to a cryptocurrency platform Revolut did provide a security prompt, Miss P thinks it should have done this at the time.
- Revolut isn't treating her fairly by reimbursing some victims of the same scam and not her.
- She is suffering emotionally and financially as a result of the payments.
- Revolut provided poor customer service after she reported the fraud.

As further correspondence with the investigator didn't resolve the matter, it has been passed to me for consideration by an ombudsman.

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'm not upholding the complaint – I'll explain why.

It isn't disputed here that Miss P authorised the payments. 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 have been good industry practice at the time, I consider it fair and reasonable in November 2023 that 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.

However, with that in mind, I don’t think that the payments Miss P is disputing would have appeared unusual or suspicious in the circumstances. And so, I don’t think Revolut has failed to identify a heightened risk of financial harm from fraud when Miss P made these payments. This is because:

- The payment type and frequency were not out of character for Miss P’s account – this was an established account which Miss P had previously made payments from in PLN and GBP. The account had frequent activity and Miss P had previously made card payments. So, while these payments were to a cryptocurrency platform, and this is a relevant factor, this factor isn’t enough on its own to make the payment appear suspicious.
- The payments were spread out over more than two weeks and remained for relatively low amounts – the highest being for around £525. So this pattern wouldn’t have appeared high risk.

I appreciate Miss P thinks Revolut ought to have done more to protect her. For the reasons explained I don’t think Revolut has made an error. What (if any) intervention is appropriate will depend on the specific relevant factors at the time, so if Revolut has since provided Miss P with a security prompt or warning in relation to a different payment, that doesn’t mean it’s done something wrong in not doing so here.

As the payments went to accounts in Miss P’s control, before being sent to the scammers,

Revolut would not have been able to recover the money. This includes the fact that there would not have been a valid chargeback reason to pursue.

Miss P says she knows other victims of the same scam who have received a refund and finds this unfair. Our service is not a regulator, and I'm not making a finding on Revolut's overall approach – and I note that other victims may have varying circumstances. My role is to consider whether Revolut has treated Miss P fairly in the specific circumstances of this case, and I've explained why I think that it has.

I do appreciate it is stressful and upsetting to fall victim to a scam, but I've explained why I don't think Revolut is responsible for this - so I don't think it would be fair to require it to pay Miss S compensation in the circumstances. Miss P has described poor customer service and not receiving calls that she requested. As Revolut had given Miss P its answer in relation to her concerns, while she didn't agree, I don't think it was obligated to continue discussing the matter.

So, for the reasons explained I don't think Revolut needs to do anything further in the circumstances.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 19 July 2024.

Stephanie Mitchell
Ombudsman