

The complaint

Miss L has complained that Revolut Ltd (“Revolut”) have failed to refund the money she lost as part of an investment scam.

What happened

The details of this complaint are well known to both parties, so I will not repeat everything again here. Instead, I will focus on giving the reasons for my decision.

In summary though, Miss L saw an advert for a crypto trading company that I will call B. Miss L signed up online and was contacted by B. B then persuaded Miss L to make two payments to what seems to be an online trading course company and then two payments to a crypto exchange. These payments were made via debit card and totalled around £8,000 and took place between October and November 2023. After a while Miss L’s trading balance on B decreased and she realised that she had been scammed.

Miss L asked Revolut to refund these payments as she believes Revolut should have done more to prevent her from being scammed. Revolut did not agree with this.

One of investigators looked into this matter and he thought that Revolut intervened appropriately. He also thought that had Revolut intervened more than it did it would not have stopped the scam as Miss L was being coached on how to answer questions by the scammer.

Miss L did not agree with this and therefore her complaint has been passed to me to issue a decision.

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 for the following reasons.

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 October 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;
- 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.

In this instance, the transactions to the trading course provider were not in isolation large enough, and the pattern of spending was not sufficiently indicative of a scam, to be considered unusual or sufficiently out of character to have prompted an intervention from Revolut. The transactions were spaced out and the account had also not really been used before, so Revolut did not have a transaction history to compare the scam payments to, to understand whether the payments were unusual for Miss L.

So, having considered the payments Miss L made to the trading course provider, I'm not persuaded there was anything that ought reasonably to have triggered Revolut's fraud monitoring systems, or that would have indicated she was in the process of being scammed for these payments. I therefore do not consider there to have been any obligation on Revolut to have intervened or provide a scam warning to Miss L for the payments to the trading course provider.

That said, Revolut should and indeed did question the payments to the crypto exchange. But given the answers that Miss L gave, which were provided by the scammer, I don't think that it needed to do more. But even had it done more and provided general crypto scam warnings I don't think that it would have stopped the scam as Miss L has said the scammer told her to ignore warnings as the scammer worked closely with Revolut and told her they always provide warnings. She also seems to have not heeded warnings from her other current account providers from which the funds in her Revolut account originated. So overall I think that Revolut intervened appropriately but even had it intervened more I don't think the scam would have been stopped.

I've also thought about whether Revolut could have done more to recover the funds after Miss L reported the fraud. In this instance, a chargeback claim was raised under the category of unauthorised transaction but was declined as it was deemed that Miss L did authorise the transactions.

I am not sure why the chargeback reason that was raised was unauthorised and it seems that this was due to a conversation between Miss L and Revolut. I think on balance though that Revolut should really have raised a chargeback under a different category, but I don't think it would have likely been successful.

In relation to the training course provider I find it unlikely that Revolut could have raised a successful claim against what appears to be a legitimate trading course provider as it is not clear why Miss L paid a trading course provider or what she expected from those payments or that she did not get what she purchased. The second two transactions were to transfer funds to a crypto exchange which is what happened. So, I don't think that a chargeback would have been successful.

Revolut are also under no obligation to refund the money to Miss L under the Contingent Reimbursement Model (CRM) Code either, as the Code does not apply to debit card payments.

I appreciate this will likely come as a disappointment to Miss L, and I'm sorry to hear she has been the victim of a cruel scam. However, I'm not persuaded that Revolut can fairly or reasonably be held liable for her losses in these circumstances.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 25 October 2024.

Charlie Newton
Ombudsman