

## The complaint

Ms S complains that Revolut Ltd won't refund the money she lost when she was the victim of a scam.

## What happened

In March 2023, Ms S says she came across an article where a well-known television presenter had written about making money through cryptocurrency. She clicked on the link in the article, filled in her contact details on an enquiry form and was then contacted by someone who said they worked for a cryptocurrency investment company.

Ms S was told an account manager would trade on her behalf, and to set up an account on the company's trading platform so she could see the trades and the balance of her account. She was then also told to open an account with Revolut, and shown how to purchase cryptocurrency and deposit it onto the trading platform. And as the platform showed she was making a profit, Ms S made a number of payments from her Revolut account to purchase cryptocurrency, which she then sent on to the wallet details she was given for the platform.

I've set out the payments Ms S made from her Revolut account below:

<b>Date</b>	<b>Details</b>	<b>Amount</b>
13 March 2023	To 1 <sup>st</sup> cryptocurrency exchange	£150
13 March 2023	To 2 <sup>nd</sup> cryptocurrency exchange	£58
20 March 2023	To 2 <sup>nd</sup> cryptocurrency exchange	£1,300
24 March 2023	To 2 <sup>nd</sup> cryptocurrency exchange	£1,000
10 April 2023	To 2 <sup>nd</sup> cryptocurrency exchange	£2,906
14 April 2023	To 1 <sup>st</sup> cryptocurrency exchange	£1,505.71
4 May 2023	To 1 <sup>st</sup> cryptocurrency exchange	£1,967.11
8 May 2023	To 1 <sup>st</sup> cryptocurrency exchange	£4,278.88
10 May 2023	To 1 <sup>st</sup> cryptocurrency exchange	£1,699.34

Unfortunately, we now know the investment company was a scam. The scam was uncovered after Ms S asked to withdraw the profit the platform showed she had made, but was told she needed to pay a significant amount more in before she could make a withdrawal. Ms S then reported the scam to Revolut and asked it to refund the money she had lost.

Revolut investigated but said Ms S had initiated and authorised all the payments and it didn't think the payments were large enough for it to consider them suspicious or out of character. So it didn't agree to refund the money Ms S had lost. Ms S wasn't satisfied with Revolut's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They didn't think anything we would have expected Revolut to have done would have uncovered the scam or prevented Ms S from making the payments. So they didn't think Revolut should have to refund the money Ms S lost. Ms S disagreed with our investigator, so the complaint has been passed to me.

## 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.

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.

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 that from March 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;
- 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);
- 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.

But, even if Revolut had recognised that Ms S was at heightened risk of financial harm from fraud when making some of these payments, I don't think the action I would have expected it to take would have prevented her loss. I'll explain why below.

The first few payments Ms S made here weren't for particularly large amounts, or for amounts where I'd have expected Revolut to identify a risk based on their size alone. She'd only recently opened the account, so there wasn't much previous activity for Revolut to compare the payments to when assessing whether they were unusual or out of character. And the payments were spread out, with days or sometimes weeks between them, so I don't think they formed a particularly suspicious pattern either. And so I wouldn't have expected Revolut to identify that Ms S was at heightened risk of financial harm from fraud as a result of these first few payments.

I'm satisfied Revolut ought to have recognised that Ms S was at heightened risk of financial harm from fraud when she tried to make the eighth payment, for £4,278.88 on 8 May 2023. This payment was for a much larger amount, and a significantly larger amount than the payments previously made on the account. It was also the second payment to the cryptocurrency exchange in a few days, and a significantly larger amount than the earlier payment – which is a pattern often seen when customers are falling victim to a scam. So I think Revolut should have recognised a risk here.

I think a proportionate response to the risk I think Revolut should have identified would have been for it to provide Ms S with a tailored written warning relevant to cryptocurrency

investment scams, and highlighting some of the key features of those types of scams. But, had it done this, I'm not persuaded that it would have prevented Ms S's loss.

From what I've seen of her communication with the scammer, Ms S was speaking with the scammer while making the payments and was asking the scammer what information she should give the bank and whether she should withhold information about the circumstances surrounding the payments. And she appears to have been doing this so her banks wouldn't delay the payments or ask any questions about them.

So even if Revolut had shown Ms S a tailored written warning relevant to cryptocurrency investment scams when she tried to make the eighth payment here, I think she would likely have discussed this warning with the scammer and followed their instructions to continue with the payment – even if this involved misleading or withholding information from Revolut – as appeared to have happened with other payments she made. And so I don't think any warning I would have expected Revolut to show would have stopped her from making the payments or losing the money she did.

Ms S has argued that Revolut should have asked her open-ended and probing questions about the payment – which she says would have uncovered the scam. But, based on the risk I think it should have identified, I wouldn't have expected Revolut to go this far or ask these kinds of questions. As I explained above, I think a written warning would have been appropriate here.

I appreciate that Ms S has been the victim of a cruel scam and that my decision will come as a disappointment to her. She has lost a significant amount of money and I sympathise with the position she has found herself in. But I can only look at Revolut's responsibilities and, for the reasons I've set out above, I don't think anything I would reasonably have expected Revolut to have done would have prevented the loss she suffered. And so I don't think it would be fair to require Revolut to refund the money Ms S has lost.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 3 October 2024.

Alan Millward  
**Ombudsman**