

The complaint

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

What happened

In August 2023, Miss M saw an advert online for a cryptocurrency investment company. She followed a link to the company's website and filled in her details. And she was then contacted by someone who said they worked as an advisor for the company and who talked her through opening an account with Revolut and accessing the company's trading platform.

The advisor told Miss M she needed a significant amount of money in her trading account to make a profit, which Miss M said she didn't have. So the advisor then suggested she take out loans several loans and use this money to funds her trading. And, after taking out the loans, Miss M then made two payments from her Revolut account to bank details the advisor gave her. I've set out the payments Miss M made from her Revolut account below:

Date	Amount
19 September 2023	£9,500
20 September 2023	£25,000

Unfortunately, we now know the cryptocurrency investment company was a scam. The scam was uncovered after Miss M was told she needed to pay in a further significant amount before she could continue trading or withdraw from her trading account. Miss M then realised she had been the victim of a scam and reported the payments to Revolut.

Revolut investigated but said it had shown Miss M warnings before she made the payments and that she hadn't been truthful when answering the questions it had asked. So it didn't agree to refund the money she had lost. Miss M 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 Revolut could reasonably have been expected to prevent the scam, so didn't think it should have to refund the payments Miss M had made. Miss M 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 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;
- 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);
- 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.

Revolut has said it did identify a risk as a result of the first payment of £9,500 Miss M made here and so held the payment, asked her a series of questions about it and then showed her a series of warnings about possible scams.

As part of the information it showed her while the payment was held, Revolut explained to Miss M that its systems had identified the payment was highly unusual and potentially a scam. It also explained it was important she took care and did her research before making a payment as funds are difficult to get back once they're received by a fraudster, and that fraudsters can make advertisements seem legitimate.

Revolut then asked Miss M why she was making the payment, and she selected that it was as part of an investment. Revolut also asked a series of questions, as a result of which Miss M answered that she hadn't been asked to install software to allow anyone to view her screen, she discovered the investment through friends and family, she'd invested in crypto before and she had researched the investment company on the FCA website and checked reviews of it – despite these things not being correct.

Finally, Revolut then showed Miss M a series of warnings, including warning that this could be a crypto scam, scams might have professional looking platforms, fraudsters use social media to promote fake investment opportunities and not to give anyone remote access to view her screen.

I've also seen evidence that Miss M was shown a warning by another bank the money came from before being sent on from the Revolut account, which said that if someone had told her to mislead it about the reason for the payment and choose the wrong payment type, this was a scam. And that she told this other bank the payment from it was being made to friends and family – despite this also not being correct.

So even if Revolut had asked more open-ended or more probing questions to establish the actual scam risk, I think Miss M would likely not have given it accurate information about the purpose of the payment or the circumstances surrounding it – as happened with the questions she was asked. And so I don't think Revolut would have had significant concerns following its questions and I don't think any warning I would have expected it to show following those questions would have stopped Miss M from making this payment or the later payment, or losing the money she did.

I appreciate that Miss M 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 Miss M has lost.

We also expect firms to take reasonable steps to recover the money their customers have lost, once they are made aware of a scam. But, based on what I've seen here, I don't think anything I would have expected Revolut to have done would have led to any more of the money Miss M lost being recovered.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 13 September 2024.

Alan Millward
Ombudsman