

The complaint

Mr V complains Revolut Ltd won't refund the money he lost to three scams.

What happened

Mr V has explained he fell victim to three scams in 2023 – all of which involved payments made from his Revolut account.

Scam one

Mr V saw a cryptocurrency investment opportunity advertised on social media. Unfortunately, it was a scam.

In May 2023, Mr V used his Revolut account to send around £1,300, over several card payments (plus a payment of £1,000 which was reverted) to his cryptocurrency wallet. He then sent the funds on to the scam platform.

The following day, Mr V reported the scam to Revolut. I understand this was because he wasn't able to withdraw his funds. Mr V has explained he was later persuaded to send further payments to the scam for fees etc. This includes payments from his Revolut account in September 2023, as well some payments made from another account in late May to early June 2023.

Scam two

In June 2023, Mr V was contacted by a scammer claiming to be a foreign regulator, who claimed they could help him recover the funds he lost to the investment scam if he paid a £500 withdrawal fee. He sent two card payments of £250 each (on consecutive days) from Revolut, to his cryptocurrency wallet, then on to the scam.

When the scammer stopped contacting him, Mr V looked up the regulator's online contact details and was informed this was a scam. He reported the scam to Revolut the day after the second scam payment.

Scam three

Around September 2023, Mr V was looking for work when he was contacted about a remote job opportunity. Unfortunately the work – which involved completing sets of tasks, supposedly to boost apps – was a scam. Mr V was tricked into sending funds to the job platform, supposedly to unlock tasks and access his earnings.

Between 16 and 18 September 2023. Mr V sent several card payments, totalling around £600 from Revolut to his cryptocurrency wallet – then on to the scam. He then transferred £800 to a cryptocurrency recipient on 19 September 2023, followed by a £2,000 card payment to a different cryptocurrency wallet on 23 September 2023.

On 25 October 2023, Mr V reported to Revolut that he had been scammed. The scammers later persuaded him they were legitimate, and he sent further payments between £500 and £1,700 to his cryptocurrency wallet, then on to the scam, between 4 and 14 November 2023.

Mr V complained to Revolut (via a professional representative) that it should have done more to protect him from these scams. As Revolut didn't agree to refund him, he referred the matter to our service.

Our investigator didn't uphold this complaint. She didn't think Revolut could have successfully recovered the funds, given the way funds were sent via Mr V's cryptocurrency wallets. She thought there were points at which Revolut ought to have done more to protect Mr V – but wasn't persuaded this would have prevented his fraudulent losses.

That was primarily because, when Revolut had used a dynamic warning system to question Mr V about what he was doing and issued tailored warnings based on his responses, he answered in a way that didn't make the type of risk obvious – which he told us he did to “make things work” as the scammer told him they could get him more money. And Mr V had also continued to pay the scammers after reporting the scams to Revolut. Overall, the investigator wasn't persuaded further action by Revolut would have succeeded in uncovering the scam.

Mr V has appealed the investigator's outcome. In summary, he says (via his representative) the series of payments to a cryptocurrency exchange should have prompted intervention – and more in-depth and direct questioning/intervention would have uncovered the scam. He also says Revolut didn't do enough to explore recovery options and that Revolut's lack of support warrants compensation.

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.

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 that, by the time of these scam payments, 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 that context, I've considered whether Revolut ought to have recognised Mr V was at risk from financial harm when he sent these payments to the scam.

I do appreciate that cryptocurrency payments may carry a heightened risk, due to the scenario mentioned above of how they can be used in multi-stage fraud. So that is a factor which added to the risk level of the scam payments. But most cryptocurrency purchases will be legitimate and not related to fraud. I therefore don't think the merchants paid alone means Revolut ought to have intervened further. But it might be appropriate to do so if there are other risk factors present – such as the value or pattern of the payments.

Looking at the amounts paid, timing/spacing of the payments and the recipients/merchants paid, I don't think Revolut had cause to suspect Mr V was at risk when he made most of these payments. They were generally for fairly modest amounts, and were fairly spread out.

That said, there are some points where I think it would have been a proportionate response to the risk carried by some payments to have issued a tailored or better automated warning. Such as when Mr V initially sent a series of payments as part of the first scam. I think the series of so many payments to a new, cryptocurrency payee in quick succession – including a reverted payment – carried a heightened risk of financial harm from fraud.

However, even if Revolut had issued further warnings, I'm not persuaded that would have prevented Mr V's fraudulent losses. I'll explain why.

As mentioned, there was an instance when Revolut did generate a better automated warning. That was in response to Mr V sending £800 via bank transfer – which I understood was to purchase cryptocurrency and/or load it to his cryptocurrency wallet, to send on to the job platform (scam three) – in September 2023.

Mr V responded to indicate he was investing, but didn't select the option for cryptocurrency. He also said he had checked the firm he was investing with was regulated by the FCA, that it had been recommended to him by friends or family, and he hadn't been asked to install remote access software.

As Mr V's responses seemed at odds with what he thought he was doing, our investigator asked him why he responded in this way. He explained he did so because the person he was speaking to was convincing him, so he answered as he did "to make things work".

That shows Mr V was willing to give responses to Revolut to make the payments appear less risky and increase the chances of them being processed without much further intervention. Added to that, Mr V also went on to make further payments to scam one and three after reporting them to Revolut (and at least one other account provider) as being a scam. It appears he kept contacting the scammers while doing this, and they persuaded him to make additional payments.

In those circumstances, thinking about what further action may have been proportionate for Revolut to take, I'm not persuaded this would have succeeded in preventing Mr V's losses. It seems more likely to me that Mr V would have responded to questioning in a way that didn't make the true risks clear. And/or that he would have been further persuaded by the scammers to continue, even if he had been given relevant scam warnings by Revolut.

For these reasons, I don't think Revolut is to blame for not preventing the scams from occurring. Nor do I think it could have done more to successfully recover the lost funds.

Most of the scam payments were sent by card. While they fall under the scope of the chargeback scheme - which looks to settle payment disputes, subject to rules set by the card-scheme provider – I'm persuaded claims under this scheme wouldn't have succeeded. That's because the scheme could only consider a dispute about the merchant paid direct. Whereas Mr V's dispute is about the scammer the funds were subsequently sent on to.

While one payment was sent by transfer, I can see Revolut tried but was unsuccessful in recalling this. As I understand that was also being sent for a genuine purchase and/or loaded to Mr V's cryptocurrency wallet, I'm not persuaded that could have been recovered either.

I know Mr V's representative has suggested there is still more Revolut could have done to recover the funds. Such as liaising with law enforcement and other financial institutions. But bearing in mind what I've said above, it's unclear to me what else they think Revolut could realistically have done which would have been likely to recover the funds. I've also seen Revolut did signpost Mr V to law enforcement, and he also suggested he had reported the scam to the police.

In a similar vein, while I readily acknowledge the impact this situation has had on Mr V, I'm not persuaded failings in the level of support Revolut provided warrant compensation. I think the distress and inconvenience he suffered was largely a consequence of the actions of the cruel scammers who tricked him.

Bearing in mind I don't think there is more support Revolut ought to have provided which would prevented or recovered his loss, I'm not persuaded it would be fair to direct Revolut to reimburse Mr V or otherwise compensate him.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 1 August 2024.

Rachel Loughlin
Ombudsman