

The complaint

Mr B complains that Revolut Ltd won't refund several card payments he says he made and lost to a scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat it in detail here. But in summary and based on the submissions of both parties, I understand it to be as follows.

Mr B complains that from 19 October 2023 he made eleven debit card payments from his Revolut account to a crypto wallet in his own name and on to what he thought was a legitimate investment company. They appeared on Mr B's account as follows:

Date	Type of transaction	Amount
19/10/2023	Card Payment	£100.00
20/10/2023	Card Payment	£175.00
27/10/2023	Card Payment	£198.20
04/11/2023	Card Payment	£500.00
20/11/2023	Card Payment	£530.00
20/11/2023	Card Payment	£530.00
21/11/2023	Card Payment	£105.00
21/11/2023	Card Payment	£104.00
21/11/2023	Card Payment	£100.00
22/11/2023	Card Payment	£270.00
22/11/2023	Card Payment	£530.00
	Total	£3,142.20

Mr B subsequently realised he'd been scammed and got in touch with Revolut. Ultimately, Revolut didn't reimburse Mr B's lost funds, and Mr B referred his complaint about Revolut to us. As our investigator couldn't resolve the matter informally, the case has been passed to me for 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've decided to not uphold this complaint for materially the same reasons as our Investigator. I'll explain why.

Firstly, I'm sorry if Mr B lost money to a scam but this doesn't automatically entitle him to a refund from Revolut. It would only be fair for me to tell Revolut to reimburse Mr B if I thought it reasonably ought to have prevented the payments or it unreasonably hindered recovery of the funds.

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 and 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, there are many payments made by customers each day and it's not realistic or reasonable to expect Revolut to stop and check every payment instruction. There's a balance to be struck between identifying payments that could potentially be fraudulent, and minimising disruption to legitimate payments. Bearing this in mind, I need to decide whether Revolut acted fairly and reasonably in its dealings with Mr B when it processed the relevant payments.

Mr B opened his account with Revolut on 10 October 2023, nine days before the first payment he made from his Revolut account to the scam. Revolut has said this would have made it difficult to detect uncharacteristic payments (given the lack of account history). While I don't agree that this prevents Revolut from appropriately identifying suspicious activity, I also have to take into consideration other factors.

When Mr B opened his account, he was asked the purpose of opening the account and he selected "crypto" amongst other options. As such, the transactions in question matched the purpose of Mr B's intentions for opening the account.

Having considered the amounts being transferred, I'm satisfied it wouldn't be reasonable to expect Revolut's systems to have been triggered by the payments in dispute. I say this because the first payment which was made to Mr B's crypto wallet was for £100. The highest amount transferred in that period of time was for £530. While I accept the amount of money Mr B sent is clearly significant to him, this doesn't in itself suggest a heightened risk of fraud. The total amount transferred over the space of a month was £3,142.20. So, I am not persuaded this would have stood out as unusual or suspicious.

I have also considered that the account to which Mr B made the payments to, was an account in his own name, under his control, to a legitimate cryptocurrency platform. Again, given the fact that the first payment he made was for £100 to an account in his own name, all subsequent payments (which were relatively low in value over a course of a month) were being sent to an established payee. Mr B has said crypto scams have been on the rise. And I do think that since 1 January 2023, Revolut ought to have realised that cryptocurrency related transactions carry an elevated risk of being related to a fraud or scam. But not all cryptocurrency related transactions are made as a result of a scam. As I've said, Mr B said at the outset that one of the purposes of his account was "crypto". And I don't think the amounts and frequency of the transactions in this case were suspicious enough to say Revolut ought reasonably to have intervened in them before following Mr B's instructions to make them.

Consequently, I don't think Revolut ought reasonably to have known that these payments were related to a scam. I don't think the payments were significant enough to have triggered its systems; nor that there were sufficient grounds to justify delaying the payments.

After the payments were made, as they were made by debit card, the only potential avenue for recovery of the payments would have been through the chargeback scheme. However, Mr B transferred the money to a legitimate cryptocurrency exchange (to an account in his own name). As such, he would have converted the money into crypto prior to sending the money onto the scammer. Therefore, Mr B received a 'service' from the crypto exchange. Revolut could only pursue a chargeback claim against the recipient of the money Mr B transferred, which in this case would have been the crypto exchange (not the scammer). And as the crypto exchange did provide the service, I don't think these payments were recoverable through Revolut once they had been made. So, I can't reasonably say Revolut hindered the recovery of the payments after they were made.

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 Mr B to accept or reject my decision before 11 September 2024.

Jade Rowe
Ombudsman