

The complaint

Mrs K, Mr K and Miss K hold an account together with Revolut Ltd.

Mrs K unfortunately feel victim to a scam and says that Revolut didn't do enough to protect her. She would like Revolut to refund the money she has lost. Although the account was held in three names, it was Mrs K who fell victim to the scam, so to keep things simple I will refer to Mrs K throughout.

What happened

Mrs K received a message regarding investing in cryptocurrency, she was told that the investment was low risk, and offered good returns of between 30-50%. Mrs K was then added to a group who were discussing how to make money and made the following payments.

Payment	Date	Payee	Amount
1	5 April 2023	SZ	£50
2	12 April 2023	LB	£1,500
3	14 April 2023	LB	£1,500
4	14 April 2023	II	£1,500
5	24 April 2023	MN	£1,000
6	10 May 2023	AP	£1,046
7	10 May 2023	RK	£2,000
8	10 May 2023	EB	£2,000
9	10 May 2023	CT	£2,000
10	11 May 2023	CT	£2,000
11	11 May 2023	TMT	£2,000
12	15 May 2023	CT	£2,500
		Total	£19,096

Mrs K believed the investment was genuine and says that she initially received some returns to her crypto wallet, however, she then became aware that she had fallen victim to a scam.

Mrs K made a complaint to Revolut, but it didn't uphold her complaint, she then brought the complaint to this Service.

Our Investigator looked into things and thought that the complaint should be upheld in part.

Mrs K accepted this, but Revolut did not. It asked for the complaint to be passed to an Ombudsman, so the complaint was passed to me.

I issued my provisional decision on the complaint on 10 September 2024, explaining that I didn't think the complaint should be upheld and asked for any further comments.

I didn't receive a response from either party in the time allowed – so I see no reason to depart from my findings, and now issue my final 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.

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 not to uphold this complaint. I know this will be disappointing for Mrs K, so I'll explain why.

In broad terms, the starting position at law is that banks and other payment service providers (PSP's) are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And I have taken that into account when deciding what's fair and reasonable in this case.

Mrs K authorised the payments in question here – so even though she was tricked into doing so and didn't intend for the money to end up in the hands of a scammer, she is presumed liable in the first instance.

But this isn't the end of the story. As a matter of good industry practice, Revolut should also have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there is a balance to be struck: banks had (and have) obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider having been good industry practice at the time, I consider Revolut should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and 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 banks 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, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.
- 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 case, I need to decide whether Revolut acted fairly and reasonably in its dealings with Mrs K when she authorised payments from her account or whether it could and should have done more before processing them.

Looking at the payments in question, I am not persuaded that Revolut needed to get involved with the first five payments Mrs K made – they weren't for large amounts of money, and although the payments were ultimately being made to purchase crypto currency, this wouldn't have been immediately apparent to Revolut at the time, as Mrs K was making the payments in a peer-to-peer capacity rather than directly to a crypto exchange. So, I don't think that Revolut should have had concerns at this point that Mrs K may be falling for a scam or was at risk of financial harm.

However, Revolut has shown that it contacted Mrs K on 28 April when it restricted her account, as it had concerns about the payments she had been making. It has provided this Service with the transcript of the conversation it had with her.

During this conversation, it asked Mrs K if she had received any phone calls asking her to make payments, been encouraged to open a Revolut account, or if she had downloaded any screen sharing applications. Mrs K answered no to all of these questions. While I understand that Mrs K had received a message, not a phone call, I think that she could have said she had been contacted in this way, and that she was being encouraged to make an investment.

Revolut then asked Mrs K if she had done any research into what she was doing, and if she understood what she was investing in – it also asked her if she had been contacted by someone she didn't know or who she had met online recently or been promised returns that seem too good to be true. Mrs K said that she hadn't conducted any research, and that she was not investing in anything – she also confirmed that she had not been contacted by anyone recently or encouraged to invest. She also said that she did buy a little cryptocurrency. But Mrs K had been contacted by someone she didn't know – and the returns she had been promised were supposedly low risk and offered very high returns of 30-50%.

Revolut went on to explain that it was very important that she conducted research into what she was doing – and that she should check online about the firm she was investing in. It explained that scammers often use tactics to trick individuals such as fake websites and investment platforms. However, it doesn't appear that Mrs K went on to do any further research into what she was doing, as if she had completed a simple online search, she would have seen that the company she was supposedly paying was linked to fraud, and that members of the group had been prosecuted previously – although Mrs K then said that she had researched the company for a long time, although she had previously said otherwise.

Revolut then conducted a review of the account, and on 3 May 2023 informed Mrs K that the transactions she was attempting to make were very likely to be part of a scam – it told Mrs K to secure her account and change her password and logged out all linked devices to ensure that there were no unauthorised devices linked to her account. It re-instated the account usage on 6 May 2023.

However, on 10 May 2023, Mrs K again began to make further transfers, completing seven transactions within two days. These transactions were able to leave the account without any further intervention from Revolut.

While it could be argued that Revolut should have conducted a further intervention when Mrs K made these payments, I am not persuaded that this would have prevented Mrs K from continuing to make payments to the scammer. She had already been warned to conduct research into who she was paying – but appears to have ignored this advice, Revolut also clearly explained to her that it thought that the payments she was making were very likely to be part of a scam, but she chose to continue anyway.

And although Revolut could initially have asked more questions than it did – such as how she came across the investment and what had prompted her to decide to invest, as well as explaining how crypto investment scams usually work, these types of questions are usually asked to determine if a scam is occurring – and Revolut had already determined this was likely anyway and told Mrs K what it suspected. So, I don't think there was any more that it could have done to prevent her loss.

I understand that Revolut reached out to the beneficiary bank of some of the payments to see if it was able to recover any of the funds, but it wasn't able to do so as no funds remained – and it wasn't able to recover the card payments that she made as these were used to purchase crypto currency which was then moved on to the scammer's wallet. So, I'm satisfied that there was nothing more it could have done to get back any of Mrs K's money.

I am very sorry for the situation Mrs K now finds herself in, I know that she has lost a lot of money to the scam and is likely upset about what has happened. But the loss she has suffered was caused by the scammer – not Revolut. And I can't ask Revolut to refund her when I think it warned her about what she was doing, but she chose to continue anyway.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K, Mr K and Miss K to accept or reject my decision before 23 October 2024.

Claire Pugh
Ombudsman