

The complaint

Mr C complains that Revolut Ltd won't refund the money he lost when he was the victim of a scam.

What happened

In March 2022, Mr C met a woman on a dating website. They started communicating and their relationship developed to the point where they were talking frequently and Mr C thought they were in a romantic relationship.

During their conversations, the woman mentioned to Mr C that she had invested with an investment company and made money. She encouraged Mr C to invest as well, and so he opened an account with the investment company and made a number of payments from his Revolut account to fund the investment.

I've set out the payments Mr C made from his Revolut account below:

Date	Details	Amount
3 April 2022	To 1 st cryptocurrency exchange	£16.88
3 April 2022	To 1 st cryptocurrency exchange	£16.88
5 April 2022	To 1 st cryptocurrency exchange	£250.65
7 April 2022	To 1 st cryptocurrency exchange	£100
7 April 2022	To 2 nd cryptocurrency exchange	£550
8 April 2022	To 2 nd cryptocurrency exchange	£9,999
8 April 2022	To 2 nd cryptocurrency exchange	£5,700
8 April 2022	To 2 nd cryptocurrency exchange	£300
16 April 2022	To 2 nd cryptocurrency exchange	£300
20 April 2022	To 2 nd cryptocurrency exchange	£900
22 April 2022	To 2 nd cryptocurrency exchange	£250
22 April 2022	To 2 nd cryptocurrency exchange	£50

Unfortunately, we now know the woman and the investment company were scammers. The scam was uncovered after Mr C tried to make a withdrawal from the investment company but was told he would have to pay a fee of 15% of his balance before he could withdraw. Mr C then realised he had been the victim of a scam and reported the payments to Revolut.

Revolut investigated but said it didn't have reasonable grounds to believe the payments were suspicious and wasn't at fault for processing the payments Mr C had authorised. So it didn't agree to refund the money Mr C had lost. Mr C wasn't satisfied with Revolut's response, so referred a complaint to our service.

I sent Mr C and Revolut a provisional decision on 23 August 2024, setting out why I wasn't intending to uphold this complaint. An extract from my provisional decision is set out below:

"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 April 2022 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;
- 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 Mr C was at heightened risk of financial harm from fraud when making these payments, I don't think the action I would have expected it to take would have prevented his loss. I'll explain why below.

I'm satisfied Revolut ought to have recognised that Mr C was at heightened risk of financial harm from fraud when he made the sixth payment here. This payment was for a significant amount, and was sent to a new payee Mr C had only started making payments to the previous day. 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 Mr C with a written warning that broadly covered general scam risks. But, had it done this, I'm not persuaded that it would have prevented Mr C's loss.

Due to the risk I think it should have identified, I wouldn't have expected Revolut to ask Mr C any questions about the payment or to tailor the warning it provided him to his specific circumstances. And as the scam Mr C was falling victim to was a quite specific romance and investment scam, I don't think it's likely the general scam warning I would've expected Revolut to provide would've particularly resonated with him.

From what I've seen of Mr C's communication with the scammer and with other banks he sent money from as a result of this scam, he also wasn't always honest or didn't disclose all relevant information about the circumstances surrounding the payments – seemingly in an effort to force the payments through. And so I also don't think the general scam warning I would've expected Revolut to provide would've impacted his decision to continue with the payments.

I appreciate that Mr C has been the victim of a cruel scam and that my decision will come as a disappointment to him. He has lost a significant amount of money and I sympathise with the position he has found himself 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 he suffered. And so I don't think it would be fair to require Revolut to refund the money Mr C has lost."

I said I'd consider anything further Mr C and Revolut sent in following the provisional decision, provided it was received by the deadline given.

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.

Revolut didn't respond to the provisional decision by the deadline given. Mr C responded making a number of points, which I will address below.

Mr C said that Revolut did not provide any intervention, despite the rapid payments to cryptocurrency exchanges. And as I explained in the provisional decision, I do think Revolut should have identified a risk here. But I must also consider what I think a proportionate response to the risk I think it should have identified would be, and whether this response would have prevented the loss Mr C suffered.

Mr C argued that Revolut was not aware of interventions by Mr C's other banks, and that the effectiveness of the scam should not allow Revolut to escape liability. But I think it is important to establish a direct, causal link between any action I would have expected Revolut to take, and the prevention of the loss Mr C suffered. I don't think it would be fair to hold Revolut responsible for the loss Mr C suffered if the action I would have expected it to take wouldn't have prevented his loss.

As I explained in the provisional decision, I don't think the written warning I would have expected Revolut to provide to Mr C in these circumstances would have resonated with him or impacted his decision to continue with the payments. And so I think he would likely have continued to make the payments.

And while Mr C had argued that a more effective intervention from Revolut could have uncovered the scam, given the circumstances here, I wouldn't have expected Revolut's intervention to go beyond the written warning I explained in the provisional decision.

I therefore still don't think anything I would reasonably have expected Revolut to have done would have prevented the loss Mr C suffered, or that it would be fair to require Revolut to refund the money Mr C lost.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 25 October 2024.

Alan Millward
Ombudsman