

## **The complaint**

Mr L complains he was the victim of an investment scam and that Revolut Ltd didn't do enough to recover his money.

## **What happened**

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr L came into contact with someone he believed to be an investment broker online. The broker convinced him to trade in cryptocurrency with the promise of high returns and bonuses. He also told Mr L he'd be able to withdraw his money without any limitations.

Between 9 June 2021 and 11 June 2021, Mr L transferred £4,080.32, £3,774.39 and £3,774.2 to a cryptocurrency exchange company using his Revolut debit card. The crypto was then loaded onto his online wallet. After making the first payment, Mr L was told a second payment would greatly increase his profits. He was then asked to make a further payment to continue trading and have access to his profits. At this point, he realised he'd been the victim of a scam.

Mr L told Revolut it should have intervened and stopped the transactions. He asked it to refund the full amount he transferred to the exchange company, but Revolut said Mr L had authorised the transactions and it didn't accept it had acted negligently in carrying out his instructions. It said there had been no reason for suspicion or alerts and so he wasn't entitled to a refund or compensation. It urged him to obtain a police report so it could attempt to obtain the funds from the beneficiary accounts but said it couldn't guarantee recovery.

Mr L complained to this service explaining he'd transferred £11,629 to scammers via a cryptocurrency exchange company. He said Revolut had an obligation to keep his account safe and to provide protection against fraud, stating it had enough knowledge of this type of scam for the transfers to have triggered a warning. He doesn't accept the fact the crypto account was in his name is grounds to reject the complaint.

Revolut explained Mr L had asked it to refund the money he'd transferred but he'd failed to produce a police report. It said that after a thorough investigation, it had decided not to uphold Mr L's complaint as all the payments were authorised and the money had been sent to an intermediary platform.

Revolut said its role had been simply to execute Mr L's instructions and this was completed in accordance with its legal and regulatory obligations. It said the transactions were genuine and they weren't unusual or suspicious in comparison to Mr L's normal account activity.

Our investigator didn't think the complaint should be upheld. He was satisfied Mr L had authorised the payments, meaning he'd given Revolut an instruction to make payments from his account in line with its terms and conditions. He explained that, as a starting position, banks have an obligation to make payments or accommodate cash withdrawal requests correctly and promptly so that legitimate payments are made correctly.

He went on to explain there are some situations where we believe banks ought to have been on alert or notice that something wasn't right or should have looked at the wider circumstances surrounding the transaction before making the payment and should have done more to prevent the payment or to help you recover the funds. But, he concluded it was reasonable that Revolut didn't identify that Mr L might potentially be the victim of a scam when making this payment because he didn't think the payments were particularly unusual or suspicious. He confirmed the cryptocurrency exchange account was in Mr L's name and the funds were converted to cryptocurrency before sent on to a third-party wallet, at which point there would be no possibility of Revolut being able to recover the funds.

Mr L wasn't satisfied and has asked for his complaint to be reviewed by an ombudsman. He's argued Revolut had a duty to exercise reasonable skill and care, pay due regard to the interest of its customers, and to follow good industry practice to keep his account safe; which includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments that might indicate the consumer is at risk of financial harm. He said Revolut should have had systems in place to look for out of character or unusual transactions, or other signs to indicate he was at risk of fraud, particularly in light of the increase in sophisticated fraud and scams.

Mr L has argued his Revolut account was the first point of contact for the scam and it should have called to check everything was in order and to establish he wasn't at risk of financial harm. He's explained Revolut knew he'd previously been the victim of a scam and it should have been aware there was a possibility that it was happening again.

### **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 said it asked Mr L for a police report so it could attempt to recover the funds from the beneficiary account, but he didn't produce the report. I don't think Mr L needed to produce a police report for Revolut to have considered whether he had any recovery options as it would have had enough information based on the account he'd given. But I'm satisfied that as Mr L had made the payments to first purchase crypto which was then sent to a wallet of his choice, its unlikely chargeback or any other recovery option would have been available.

I'm satisfied that although Mr L didn't intend his money to go to scammers, he did authorise the disputed payments. Revolut is expected to process payments and withdrawals that a customer authorises it to make. But, where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

Mr L has lost the payments he made to accounts that he held at a cryptocurrency exchange company. From the evidence I've seen, the money went to a genuine cryptocurrency exchange company in respect of which there were no existing warnings from the FCA or from other regulatory bodies on IOSCO. Buying cryptocurrency is a legitimate activity and therefore the extent of what we would expect Revolut to have done to protect Mr L is restricted to 'triggers', meaning I need to consider whether the transactions were so unusual that Revolut ought to have intervened to warn Mr L when he tried to make the payments.

Revolut, along with other payment services providers, should be monitoring accounts and be on the lookout for unusual transactions or other signs of fraud. I've considered the transfers in the context of whether they were unusual or uncharacteristic of how Mr L normally ran his account and I don't think they were. None of the transfers were for particularly large

amounts, and they were made to a legitimate company in respect of which there were no FCA warnings. So, I don't think they needed to have been flagged by Revolut.

Mr L has said Revolut knew he'd previously been the victim of a scam. But this doesn't mean it should have blocked all payments from his account – particularly payments to legitimate payees. If the payments were unusual then it would be relevant if they'd been made to the same payee or a similar type of scam, but I've found the payments weren't unusual, and previous scam history alone is not enough to say the payments should have triggered warnings.

Consequently, I'm satisfied Revolut took the correct steps prior to the funds being released – as well as the steps they took after being notified of the potential fraud. I'm sorry to hear Mr L has lost money and the effect this has had on him. But for the reasons I've explained, I don't think Revolut is to blame for this and so I can't fairly tell it to do anything further to resolve this complaint.

### **My final decision**

For the reasons I've outlined above, 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 L to accept or reject my decision before 26 October 2022.

Carolyn Bonnell  
**Ombudsman**