

The complaint

Mr O complains that Revolut Ltd won't refund money he lost after falling victim to a scam.

What happened

Mr O says that in July 2020 he responded to an advert placed by a company that offered a trading platform in cryptocurrency - I'll refer to the company as H. Mr O was told to register with H, and that once he had made a deposit we could start using their platform to trade. Mr O says an account manager from H contacted him to discuss how they traded and the platform they used. He was told H was unique and would offer him lots of support including credit to trade with on their platform, as well as insurance whereby in the event of catastrophic trading conditions clients are not wiped out.

Mr O says he told the contact at H that he was experienced at using trading platforms, however he was cautious so had only been taking small positions in the market. He said his main concern was losing all his money. Mr O says he didn't do any real checks on H, he just trusted what they said.

Mr O started trading and says he was constantly encouraged to take larger trading positions. When he told his contact at H that he didn't want to, he says they took over his account, deciding what trades and position sizes to take on his behalf. Mr O followed the progress of his account on the platform, and said his balance was growing fast with the trades doing well. However, there were two or three occasions that lead to altercations between him and the contact at H.

Mr O made a few attempts to withdraw money from his trading account but was given excuses as to why he couldn't. His first attempt to withdraw was after he'd funded his account by approximately £20,000 and the balance was showing as \$200,000USD. Mr O was told that he'd used H's credit line to trade and couldn't withdraw without paying that back first. He was also told that if he didn't pay up, he would risk being suspended from trading and losing all the money he'd paid in.

At another point, Mr O says his account was at around \$500,000USD. He requested to withdraw \$100,000USD and was told he'd have his money in five working days. But, before the withdrawal was processed, the contact at H forced him to trade which wiped out the balance of his account. And instead of withdrawing money, he was forced to deposit money to his account.

Mr O says that when his account balance exceeded \$1mUSD he tried to take out half of the balance. But he was told he had to pay £29,000 to cover the cost of the credit line he'd used. He suggested they take the costs out of his withdrawal payment but was told it had to be paid up front.

In October 2020, when Mr O attempted to withdraw funds again, he was told that he now had to pay \$170,000USD. He asked what this was for and was told UK HMRC. Mr O says at this point he realised it was a scam.

The payments Mr O made to the scammers are below. The transactions in bold were made from his Revolut account. These payments were made to 3 different payees as identified below.

Date	Place/location	Type of transaction	Amount
17.7.2020	Payment to B – not from his Revolut account		£5,000
20.7.2020	Payment to B – not from his Revolut account		£6,500
27.7.2020	Payment to B (payment 1)		£2,000
10.8.2020	Payment to D (payment 2)		£5,000
14.8.2020	Payment to D (payment 3)		£6,000
14.8.2020	Payment to D (payment 4)		£4,000
19.8.2020	Payment to D (payment 5)		£5,720
1.9.2020	Payment to B (payment 6)		£5,000
15.10.2020	Payment to E (payment 7)		£23,121.33
	Total lost to scammers from Revolut account		£50,841.33

Mr O contacted Revolut in November 2020 and reported the scam. Revolut considered Mr O's fraud claim but declined to refund him, saying they were required to execute his payment instructions. However, they told Mr O they would contact the beneficiary banks and attempt to recover his funds. Ultimately, no funds were recovered from the beneficiary banks.

Mr O wasn't happy with Revolut's response, so he brought a complaint to our service.

Prior to our investigator issuing their view, Revolut made an offer to refund 100% of payments 1 and 6. Saying the refund offered was due to those transactions being out of character, but they declined to offer a refund on any of the other payments. Mr O rejected Revolut's offer.

An investigator looked into Mr O's complaint and upheld it recommending that Revolut refund 50% of all the payments Mr O made. The investigator highlighted that Revolut had said it should've done more when Mr O made the first payment, and that if Revolut had contacted Mr O it was mostly the scam would've been uncovered and the subsequent payments could've been prevented. However, the investigator felt Mr O should share responsibility with Revolut as the return he was promised was too good to be true and he hadn't made any checks to ensure the investment was genuine – therefore he would be responsible for the remaining 50%.

Mr O accepted the investigator's recommendation. Revolut disagreed saying that most of the payments were made to accounts held in Mr O's name at other institutions, therefore the loss didn't happen at his Revolut account. On that basis, they believe Mr O should raise complaints with the other institutions to try and recover his funds. Also, Revolut feel Mr O's liability should be higher than 50% of the payments.

As Revolut disagreed with the investigator's opinion, the case was passed to me to review.

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 in law is that Revolut is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the customer's account. And I have taken that into account when looking into

what is fair and reasonable in this case. But Revolut also has to be on the lookout for, and help to prevent, payments that could involve fraud or be the result of a scam.

It's not disputed that Mr O made and authorised these payments, although I accept that this was as the result of a scam.

Should Revolut have done more to prevent the payments?

Revolut has told us they had limited information available on Mr O's account to form a definitive view of Mr O's transaction patterns and spending habits. However, they offered a refund on the first and sixth payments "due to the transactions being out of character".

The relevant law and regulations, plus good industry practice and Revolut's own terms and conditions, suggest Revolut has a duty of care to protect its customers against the risk of fraud and scams. Where Revolut identifies transactions as being unusual or out of character, I'd expect them to take steps to ensure the consumer isn't at risk of fraud or potentially the victim of a scam. The first payment Mr O made was to a cryptocurrency exchange in July 2020. By March 2020 cryptocurrency scams were common and I think Revolut should've been alive to these types of scam.

I think that any conversation with Mr O whether it be a phone call or an online chat, would've identified that he was the victim of a scam and that Revolut could've and should've prevented him from making any further payments. I say this because the base information Mr O would've given them had all the tell-tale signs of a cryptocurrency scam. Mr O was promised a return that was too good to be true, H offered him a credit line with which to place trades and also told him that he would be insured against losing all his money.

Also, I think basic questions about the payment he was making should've asked what checks he had done – and Mr O would've told them honestly that he hadn't done any. A basic search online would've let Mr O know that H was a scam and not a genuine trading platform. There were several scam warnings on a popular review website as well as a Financial Conduct Authority (FCA) warning about H not being authorised.

While Revolut has only said that the first and sixth payment were out of character, interaction with Mr O at the point he made his first payment would've prevented him from making the subsequent payments. And, I don't agree with Revolut's position that they're not liable because the funds went to accounts in Mr O's name with other institutions. Intervention by Revolut at the time of the first payment being made would've prevented the loss from happening.

But I've also considered whether Mr O could've done anything to mitigate his loss or should bear some responsibility by way of contributory negligence.

Could Mr O have done more to mitigate his losses?

Mr O has told us that he didn't do any real checks on H before making his first payment to them. And, as explained above, a basic online search would've showed various concerning links including an FCA warning and scam reports on a popular review website. I think it's reasonable to expect Mr O to have done some checks to make sure that he was interacting with a genuine firm, especially as the return he was being offered was too good to be true. Also, I think it's unlikely that any genuine trading platform would insure a trader whereby they wouldn't lose their funds. Trading and cryptocurrency investment are inherently risky and returns aren't guaranteed – so this offer should've concerned Mr O and led him to do checks.

On this basis, I think it's reasonable for Mr O to share liability with Revolut on a 50/50 basis.

Putting things right

To put things right Revolut Ltd should:

- Refund Mr O 50% of all the payments he made.
- Revolut can deduct the additional 50% they refunded on payments 1 and 6 (which is £3,500) if they have already paid this to Mr O.
- Pay 8% simple interest on the total refunded, from the date of each of the payments to the date of settlement.

My final decision

My final decision is that I uphold this complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 13 July 2022.

Lisa Lowe
Ombudsman