

## **The complaint**

Miss T complains that Revolut Ltd won't refund money she lost when she fell victim to an investment scam.

Miss T is being represented by solicitors in her complaint.

## **What happened**

The detailed background to this complaint is well known to both parties, so I won't repeat it again here. Instead, I'll focus on giving my reasons for my decision.

The complaint concerns 10 transactions totalling around £24,000 which Miss T made to a cryptocurrency exchange using her Revolut card between May and July 2022. Miss T says she made the payments in connection with an investment opportunity promoted by a company, "M", which she subsequently discovered was a scam.

Although Miss T's Revolut account was opened in July 2020, the first payment out of the account wasn't until 23 May 2022, when she made the first payment in dispute.

## **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 agree with the conclusions reached by the investigator for the following reasons:

- The starting position is that liability for an authorised payment rests with the payer, even when they are duped into making that payment. There's no dispute that Miss T made all the disputed payments using her security credentials, and so they are authorised. But in accordance with the law, regulations and good industry practice, a payment service provider, including an electronic money institution like Revolut, should be on the look-out for and protect its customers against the risk of fraud and scams so far as is reasonably possible. If it fails to act on information which ought reasonably to alert it to potential fraud or financial crime, it might be fair and reasonable to hold it liable for losses incurred by its customer as a result.
- Revolut is an electronic money institution (EMI), not a bank or building society. EMIs are set up with the purpose of sending and receiving money and the type of payments they're generally used for tends to be somewhat different to banks and building societies. Often, the payments will be for larger sums. Where there's no previous account history, what should reasonably strike Revolut as concerning for a first payment isn't down solely to the transaction amount involved. I haven't seen any other factors at play here such that, in my view, Revolut should have been concerned and ought to have intervened and questioned Miss T before executing her authorised instruction for a payment of around £2,700. Purchasing cryptocurrency is a legitimate exercise.

- The second payment, for just over £2,500, was authorised twenty minutes later. Between these two payments, there were two declined transactions to the same merchant. Revolut has provided technical data which shows that the transactions were declined due to insufficient funds. But given multiple attempts to send money to a cryptocurrency exchange in a relatively short period of time, I consider the second authorised payment ought to have given grounds for suspicion. In the circumstances, I consider the provision of a warning which covered scam risks involving cryptocurrency would have been a sufficient step for Revolut to take. We know that no such warning was provided at the time. But as the investigator explained, and I agree, such a warning is unlikely to have stopped Miss T in her tracks.
- There were no regulator warnings published about M at the time of the payment. Having carried out a backdated search on the internet, I haven't been able to find any adverse information about it either. From what her representative has said, I can see Miss T did research M on the internet and found nothing suspicious about it; in fact, she saw positive Trustpilot reviews. Reviewing her submissions to Revolut when she reported the scam, I also understand that Miss T found M on the Companies House register during her research. And that since engaging with M, the scammer was in constant communication with her and provided reassurances.
- So, even if Revolut had provided a warning specific to cryptocurrency scams, given there was no adverse information about M in the public domain, and the scammer who was in regular contact with her and would have been able to provide reassurances, I'm more persuaded that Miss T would likely have gone ahead with the payment. Therefore, I don't think Revolut could have prevented the payment from being made.
- Thinking next about the subsequent transactions, which went to the same merchant, I don't consider that they would have appeared suspicious given the pattern that had been established. There were some more declined payments in between authorised ones. But this was either due to insufficient funds, or due to daily card limit being reached. Having given this some thought, I don't think Revolut ought to have intervened when Miss T made the subsequent payments.
- I've also thought about whether Revolut could have done more to recover the funds after it became aware of the situation. Miss T's payments went to a cryptocurrency exchange. She wouldn't be able to make a successful chargeback claim in the circumstances because the merchant she paid did provide the service requested (i.e., conversion of fiat money into cryptocurrency). I can see Revolut did attempt a chargeback, but it was defended by the merchant.

In summary, I recognise that this will come as a considerable disappointment to Miss T. I fully acknowledge that she's lost a significant amount of money. But having considered the matter very carefully, for the reasons given, it wouldn't be fair of me to hold Revolut responsible for her loss.

### **My final decision**

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 16 January 2024.

Gagandeep Singh  
**Ombudsman**