

The complaint

Mr S complains that Revolut Ltd hasn't refunded him after he fell victim to a cryptocurrency investment scam.

What happened

Mr S was contacted by someone purporting to be from an investment firm specialising in cryptocurrency. Mr S had already engaged in some trading himself, but the idea of having someone help him appealed.

Mr S was persuaded to sign up with the firm, unaware at the time he was falling victim to a scam.

Mr S was sent convincing correspondence relating to the firm and the scam. The scammers used professional looking email addresses. And there was a fake platform that Mr S was given access to. Everything appeared genuine and convincing to Mr S at the time.

Mr S made his first payment at the scammer's instruction, using his Revolut debit card. Mr S was shown that the initial investment made some good returns and so he was persuaded to invest more.

The scammer explained how banks didn't like customers using their funds for cryptocurrency trading and that his bank might try to block the payment. The scammer gave Mr S a cover story to use should it do so, to make sure the payment went through.

Mr S' other account provider did question him on why he was sending the money, just as the scammer had predicted. In his submissions to Revolut, Mr S said, *'Barclays did block transfer, I have called them with prepared story (silly me!), and it went through'*.

The scammer then instructed Mr S to send the next payment from his Revolut account, convincing him that it was a better platform to use. Mr S sent £5,000 from his other account to Revolut. He then set up a new payee and sent the funds by faster payment as instructed.

Revolut also took action to stop the £5,000 payment going through. It blocked the transaction and gave Mr S a warning that it appeared highly suspicious. But Mr S decided to proceed anyway.

It was then several weeks before Mr S realised he'd fallen victim to a scam. He was told that he'd made significant returns on his investment, and he seemed to be able to see that on the trading platform he'd been given access to. But any time he asked to withdraw his money he was denied. He ultimately realised it had all been a scam and reported the matter to Revolut.

Revolut tried to recover Mr S' money. The card payment was successfully charged back to his account. But the money he'd sent by faster payment had long been removed from the recipient account and so it couldn't be returned.

Revolut said it wouldn't assume any responsibility for refunding Mr S as he'd authorised the payment and had been warned about scams. Mr S brought his complaint to our service as he was unhappy with Revolut's response.

One of our investigators looked into what had happened but didn't recommend the complaint be upheld. He said that Revolut ought to have done more to question the £5,000 payment

Mr S was making. He said it was unusual enough so as to require Revolut to have stepped in and to question Mr S, to try and protect him from financial harm through fraud.

Our investigator also considered Mr S' actions over the course of the scam. He noted that Mr S' other account provider had stepped in to question a payment he was making toward the scam. And, when it did so, Mr S gave the cover story provided by the scammer to make sure the payment went through. Our investigator thought it was likely that Mr S would have then also have given a cover story to Revolut had it stepped in. And so he found it was unlikely further intervention from Revolut would have made a difference.

Mr S disagreed. He said if a second account provider had also questioned what he was doing he would have realised something was wrong. And he said the cover story he gave was that he was buying cryptocurrency; he didn't lie to anyone about what he was doing.

The complaint has been passed to me for a 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'm sorry to hear that Mr S has fallen victim to a cruel scam. I've no doubt this has had a significant effect on him emotionally as well as financially. And it must be incredibly frustrating to feel as though the fraud is going unpunished. I'm sorry to disappoint Mr S further, but I'm not upholding his complaint against Revolut. I'll explain why.

Broadly speaking, a customer is responsible for any transactions made on their account that are properly authorised. This position is confirmed in the Payment Service Regulations 2017 as well as the terms and conditions for Mr S' account.

Mr S did authorise the payments out of his account and so he's presumed liable for them, even though he did so under false pretences. But that isn't the end of the story. Account providers like Revolut have an obligation to monitor accounts and protect customers from financial harm through fraud. That means looking out for suspicious and/or out of character transactions. And, where such transactions are identified, the account provider should intervene and question the customer, in an attempt to ensure the purpose behind the transaction is legitimate and to avoid scams.

Our investigator found that Revolut ought to have stepped in to question the £5,000 transaction. And I can agree that it does seem sufficiently out of character to have warranted some further checks from Revolut. The warnings that it gave, whilst referring to fraud and scams, didn't go far enough to discharge Revolut's obligations to protect Mr S. The warnings were generic and lacked detail specific to the scam. And I'd have expected some tailored questioning by Revolut so it could try to determine what was happening.

However, that doesn't mean that Mr S is automatically due a refund from Revolut. I, like our investigator, must consider whether I believe further intervention would have made a difference.

There is of course no way to be certain of this. I can't know what exactly Revolut might have asked, or how Mr S might have responded. And so, I must base my findings on what I think more likely than not would have happened.

We do know that Mr S' other account provider intervened when he was trying to make payments. What happened here is relevant to the outcome of the Revolut complaint as it helps to demonstrate what Mr S' actual behaviour was at the time. And given Mr S was willing to provide a cover story to make sure the payment went through, it appears more likely than not he would have done the same had Revolut asked questions.

Mr S has said that if he was questioned by a second account provider then he would have started to have doubts. But it is the case that Revolut did flag the payment as suspicious and

warned about fraud and scams. Those warnings might not have been enough to say Revolut had fully discharged its responsibilities, but it doesn't appear as though Mr S stopped to question what he was doing any further, in the face of the payment being blocked and described as highly suspicious.

Mr S has said, when asked by our investigator, that the cover story he gave to his other account provider – and so would have given to Revolut – was that he was buying cryptocurrency. I'm not persuaded that is accurate though and it seems more likely that a different cover story was given.

I say that because Mr S told Revolut that he'd given a '*prepared story*' and he described his actions by saying '*silly me*'. That doesn't give the impression that he told the bank (what he believed to be) the truth about what he was doing: buying cryptocurrency. Instead, it suggests he gave a story designed to disguise his actions to enable the payment to go through. That also matches up with what the scammer said to Mr S about the likelihood of the payment being stopped and the need to provide a '*prepared story*'.

It's also the case that Mr S saying the payment was for the purchase of cryptocurrency wouldn't have been a cover story, at least as far as he knew at the time. He believed he was buying cryptocurrency and so the idea that this was a prepared story designed to get around the bank's security measures doesn't really add up. It seems more likely that a false purpose was given. It then seems likely Mr S would have used that same false purpose to make sure the Revolut payment went through.

I've thought about how the scam was set up in reaching these conclusions too. There were clearly some sophisticated elements: the professional looking email addresses, how Mr S was set up as a 'customer', the use of the fake investment platform and so on. These were all things that made everything appear legitimate and convincing. Mr S was understandably drawn in by these persuasive elements, and so I can understand why he would have continued to trust the scammer, even in the face of further questioning from Revolut, and why he would have done what the scammer said to make sure the payment went through.

With all of this in mind I'm not persuaded that further intervention from Revolut would have resulted in the scam being avoided. And so, I don't find it should now bear responsibility for Mr S' loss.

I'm also satisfied Revolut did all it could to recover Mr S' money. Unfortunately, it had already been removed from the receiving account by the time the scam was reported, and so there's nothing more that could have been done.

My final decision

I don't uphold this complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 16 August 2023.

Ben Murray
Ombudsman