

The complaint

Mr H complains that Revolut Ltd (“Revolut”) have failed to refund the money he lost as part of an investment scam.

What happened

The details of this complaint are well known to both parties, so I will not repeat everything again here. Instead, I will focus on giving the reasons for my decision.

In summary though, Mr H found an advert for a trading platform that I will call B. Mr H made a number of debit card payments and faster payments to a crypto exchange totalling over £350,000 between July and September 2022. My understanding is that the funds were converted to crypto and then sent on to B.

Mr H realised he had been scammed when he was unable to withdraw his “profits” with B.

Mr H asked Revolut to refund these payments as he believes Revolut should have done more to prevent him from being scammed. Revolut did not agree with this.

I issued a provisional decision on 23 February 2024 in which I said the following

“I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

It isn’t in dispute that Mr H authorised the disputed payments he made from his Revolut account. The payments were requested by him using his legitimate security credentials provided by Revolut, and the starting position is that Revolut ought to follow the instructions given by their customers in order for legitimate payments to be made as instructed.

However, I’ve considered whether Revolut should have done more to prevent Mr H from falling victim to the scam, as there are some situations in which it should reasonably have had a closer look at the circumstances surrounding a particular transaction. For example, if it was particularly out of character.

I agree with the investigator that there is insufficient evidence to demonstrate that Revolut intervened appropriately during the scam.

Given this, I need to consider whether an appropriate intervention would have stopped the scam. In this instance, I have considered the interactions that Mr H had with his other two banks, which I will call C and D, during the scam. I have also considered the messages between him and B.

Overall, I have some doubts as to whether had Revolut intervened and asked questions that Mr H would have given Revolut honest answers. Let me explain why.

It is clear that B was coaching Mr H on how to answer questions that were being raised by the other banks and during loan applications that he made during the period in question. This is evidenced in the chat between Mr H and B.

I am also satisfied that Mr H intentionally misled D when applying for a loan as he said that the borrowing was for home improvements when in fact it was for investing in B.

I also note that Mr H had a conversation with C's fraud team, a copy of this conversation is not available, but given that the transactions continued after this point I find it unlikely that Mr H disclosed what the transactions were for.

Finally can see that Mr H had interactions with D when making a payment in July 2022 and from the notes it seems as if he said the payment was for a trip to Ireland when it looks as if it was part of the scam. Moreover, I can see from the notes of the conversation that Mr H confirmed that he had not been dealing with a third party, which is also not true. Additionally, there seems to have been a further conversation the day after in which it seems that a general scam warning was given. So, I think that Mr H was not giving honest answers about the payments, and he was not being persuaded to stop when given a general scam warning.

So had Revolut intervened, I am not satisfied that it would have been given information by Mr H that would have led it to believe that he was being scammed. I also don't think that a general warning about the dangers of crypto investing would have stopped Mr H from making the payments either.

I have considered whether Revolut should have intervened further when additional transactions were made. I think that this probably should have been the case. But I don't think that any further intervention would likely have altered Mr H's decision to carry out the transactions.

I've also thought about whether Revolut did enough to attempt to recover the money Mr H lost. In relation to the debit card transactions, they can sometimes be refunded through making a chargeback claim. But in this case, a chargeback would not have been successful, as the transactions Mr H used his debit card for was to pay for the purchase of cryptocurrency, which he duly received.

In relation to the transfers Revolut are also under no obligation to refund the money to Mr H under the Contingent Reimbursement Model (CRM) Code either, as the Code does not apply to transfers which the payer has effectively made to themselves.

I appreciate this will likely come as a disappointment to Mr H, and I'm sorry to hear he have been the victim of a cruel scam. However, I'm currently not persuaded that Revolut can fairly or reasonably be held liable for his loss in these circumstances."

Neither party responded with any additional points.

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 this instance as no new points have been raised, I see no reason to depart from the findings I reached in my provisional decision. In summary, I still think Revolut should have intervened more than it did but I don't think that this would have stopped the scam for the reasons given in the provisional decision.

I also did not think that Revolut could have recovered the payments via any other means.

So, I am unable to ask Revolut to refund the payments in question.

My final decision

My final decision is for the reasons above I do not uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 12 April 2024.

Charlie Newton
Ombudsman