

The complaint

Mr D complains that Revolut Ltd (“Revolut”) has failed to refund over £46,000 he lost to an investment scam.

What happened

The details of this complaint are well known to both parties, so I won’t repeat everything again here. Instead, I will provide a brief summary and focus on giving the reasons for my decision.

Mr D fell victim to an investment scam with DeFi City (“the scammer”) beginning in July 2022 after being introduced to the investment platform by a friend. He opened an account with Revolut in August 2022, which he did so for the purposes of gaining exposure to financial assets.

Between August and October 2022, Mr D made numerous payments from his Revolut account in excess of £46,000, which was paid to his Binance wallet, where his funds were subsequently transferred on to the scammer. He also made several withdrawals during this period from his Binance wallet.

Mr D realised he had been scammed after he was told to pay taxes in order to make a larger withdrawal and still didn’t receive his money. He reported the scam to Revolut, who declined to refund the money he had lost. Our investigator also didn’t uphold the complaint. He felt that Revolut ought to have provided a written warning that broadly covered scam risks, but he didn’t think this would have prevented Mr D from continuing to make further payments. Mr D disagreed, so the matter has been escalated to me to determine.

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 these reasons:

- It isn’t in dispute that Mr D authorised the disputed payments he made to his Binance wallet from his Revolut account (where his funds were subsequently transferred on to the scammers from his crypto wallet). The payments were requested by him using his legitimate security credentials provided by Revolut, and the starting position is that banks 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 D from falling victim to the scam, as there are some situations in which a firm should reasonably have had a closer look at the circumstances surrounding a particular transfer. For example, if it was particularly out of character.
- The first several payments Mr D made wouldn’t have appeared unusual (particularly

in light of the reason he gave for opening the account). But I acknowledge that his payment activity arguably became unusual or suspicious when he began making multiple escalating payments in the same day, such as the three payments made on 1 September 2022. However, even accepting that Revolut should've provided a scam warning to Mr D (written or otherwise), I'm not persuaded that any such warning or intervention would have ultimately prevented him from making any further payments.

- Mr D said the investment broker was recommended to him by a trusted friend, so any warning he could've received about being approached out of the blue by an unsolicited broker would have likely been ineffective. And given it was recommended by a trusted friend, he would've had even less cause to doubt its legitimacy if this had been called into question by Revolut.
- Mr D had also been able to make several withdrawals from the investment platform, and said he was able to make around 10-12 withdrawals a month, with some of them being relatively large (i.e. £5,000). So again, any scam warning about not being able to withdraw his money likely wouldn't have alerted him to any scam risk here either, given he had been able to make frequent withdrawals. I also can't see much by way of adverse information that Mr D could have found at the time if asked to carry out further checks. There were no warnings about the merchant on the FCA watchlist, for example.
- So, even if Revolut had provided Mr D with a scam warning and advised him to carry out further checks, I'm not persuaded that this would have led to him realising that he was likely being scammed. Therefore, I don't think Revolut's failure to provide a warning can be considered the proximate cause of Mr D's loss in these circumstances, as it seems likely he would have proceeded to make the payments to his Binance wallet irrespective of any warning or intervention by Revolut.
- I've also thought about whether Revolut could have done more to recover the funds after Mr D reported the fraud, as in some circumstances money spent using a debit card can be recovered via the bank raising a chargeback dispute. However, in these circumstances, Mr D used his debit card to pay a legitimate crypto-exchange platform before the funds were subsequently transferred on to the scammer. So, he wouldn't be able to make a successful chargeback claim for his card payments in these circumstances because the company he paid had provided the services as intended (i.e. the purchase of cryptocurrency). Similarly, for the faster payments Mr D made to Binance, there wouldn't be any prospect of Revolut having recovered this money either given we know it was all subsequently transferred to the scammer from his crypto wallet. So, I don't think Revolut could have done anything more to try and recover the funds.

I appreciate this will likely come as a disappointment to Mr D, and I'm sorry to hear he has been the victim of a cruel scam. I don't underestimate the impact this has had on him, or how difficult it has been for him to come to terms with. But while I naturally sympathise with the position he's in, I do not consider it would be fair and reasonable to hold Revolut liable for his loss.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 26 September 2023.

Jack Ferris
Ombudsman