

The complaint

Mr R complains that Revolut Ltd (Revolut) is refusing to refund him the amount he lost as the result of a scam.

Mr R is being represented by a third party. To keep things simple, I will refer to Mr R throughout my decision.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mr R was interested in trading in cryptocurrency so after searching online he contacted a business called ejinvesting.com (X) which appeared to offer the services he was interested in. Mr R provided his contact information and received a call from X the same day explaining the investment opportunities. Mr R was told he could make a good return via a blockchain company called erc20chain.com.

X appeared professional providing Mr R with links to other sites about cryptocurrency and showing him live trading information. Mr R downloaded the screensharing application AnyDesk and made an account on X's platform, providing identification documents as he would have expected from a genuine business.

X was in regular communication with Mr R by phone and WhatsApp and gave him a London address for the business which Mr R says made it seem even more legitimate.

After making an initial small investment, on X's instruction, Mr R started to make payments in Euros and via the cryptocurrency exchange Binance.

Mr R made larger payments into the investment having been told by X that the more he invested the greater his profit would be. Mr R was then told he would have to make further payments for various reasons to gain access to the profits he had made but the funds were never released.

Mr R made the following payments in relation to the scam:

Date	Payee	Payment Method	Amount
28 June 2022	Tipsdady	Transfer	£443.78
1 July 2022	Doris Dax MT Limited	Transfer	£8,500
5 July 2022	Foris Dax Mt Limited	Credit	- £8,500
5 July 2022	S.D.T OU	Transfer	€9,800
15 July 2022	S.D.T OU	Transfer	€35,000
30 July 2022	S.D.T OU	Transfer	€44,500
24 August 2022	S.D.T OU	Transfer	€34,100
1 September 2022	S.D.T OU	Transfer	€7,608
30 September 2022	CB Payments Ltd	Transfer	€7,612.51

Our Investigator considered Mr R's complaint and didn't think it should be upheld. Mr R disagreed, so this complaint has been passed to me to decide.

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.

It has not been disputed that Mr R has fallen victim to a cruel scam. The evidence provided by both Mr R and Revolut sets out what happened. What is in dispute is whether Revolut should refund the money Mr R lost due to the scam.

Recovering the payments Mr R made

Mr R made payments into the scam via transfer. When payments are made in this way Revolut have very limited recovery options available to it. I can see that Revolut did request recovery of the funds from the receiving account but only a small amount remained which was returned.

I am satisfied Revolut was not able to recover the payments Mr R made.

Should Revolut have reasonably prevented the payments Mr R made?

It has been accepted that Mr R authorised the payments that were made from his account with Revolut, albeit on X's instruction. So, the starting point here is that Mr R is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether Revolut should have been aware of the scam and stepped into warn Mr R about the payments he was making. And if it had warned Mr R, would it have been able to prevent the scam taking place.

The first payment Mr R made that he said was in relation to the scam was for a relatively small amount that I wouldn't have expected to concern Revolut. So, I don't think it was unreasonable that it did not provide a warning to Mr R at the time.

The second payment Mr R made was for a higher amount (£8,500). This was out of character compared to the way Mr R usually operated his account and I can see that Revolut provided a general warning followed by a more tailored warning to Mr R.

The warnings explained that Mr R should know and trust the payee before making the payment, and stated "*Beware, there is a high probability this payment is a scam*".

Mr R initially declined to make this payment but a few minutes later made the payment a second time accepting he was making the payment to a legitimate payee. I think it's fair to assume that Mr R may have had concerns at this point but decided to go ahead with the payment.

Considering the size of this payment I think the warnings Revolut gave Mr R were reasonable.

Following this payment Mr R made several larger payments into the scam that I think should have triggered Revolut's fraud prevention systems prompting it to intervene further. But had

it done so I don't think the scam would have been prevented.

Mr R has provided a copy of the messages sent between him and X. On 12 July 2022 Mr R sent a link to X he had found giving a very negative review of X warning about scams. Yet I can see that within just a few minutes of sending the link Mr R was persuaded by X of the legitimacy of the investment writing back to X "Thanks for the reassurance, I am nervous about investing the amount of money, but I can see the way forward in doing so, I want this to work, and you are the man to get us there cheers mate".

It was after these messages that Mr R sent a large payment of €35,000 just a few days later.

On 21 July 2022 it's clear from the messages that Mr R had further concerns, Mr R stated:

"...I need to rescind my permission to move my funds, as a show of faith I am going to request a withdrawal of funds from my account and then I need to talk with you more before going ahead with anything else"

"...as I have said what I'm investing is all I have in the world, I sold my car to fund the last transaction so I would like to commit, however, I keep getting these red flags when I look into the company, I emailed the address got bounced back as no such address, telephoned the help line all I get is music of a sort, looked at the company address, and it's registered as being in the gherkin, however, I rang the gherkin to confirm the company was there and they had never heard of ejinvesting? Tell me and assure me with more solid evidence than that and that I am not being scammed as I really want this to work"

Despite these alarming concerns Mr R didn't make a withdrawal from the investment and continued to make further payments totalling close to €50,000. According to the messages, even taking out high interest loans to fund the payments.

Mr R has told us that further warnings from the bank would have stopped him making payments into the scam. But I think it's clear from all the information provided, that X had built a relationship with Mr R and was able to persuade him the investment was legitimate despite all the multiple red flags Mr R had discovered and recognised as concerns.

I don't think any further warning would have made a difference to Mr R making the payments as it's clear he already had major concerns but made the payments anyway.

As I don't think further warnings from Revolut would have made a difference, I don't think it missed an opportunity to prevent the scam and is therefore not responsible for Mr R's loss.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 2 April 2024.

Terry Woodham
Ombudsman