

The complaint

Mr P is unhappy that Revolut Ltd won't refund money he lost to an investment scam.

What happened

Mr P fell victim to an investment scam after responding to an advert he found online. After making a small initial deposit from an account at another financial business, he was given access to a trading platform where he could see the value of his investment increase. When he tried to withdraw his money he was told he'd need to pay fees to release it. He took out a loan with a third-party business and made three payments, over two days, totalling £7,500, from his new Revolut account to a cryptocurrency platform. From there, I understand, he purchased cryptocurrency and sent it to the fraudster. After making these payments, the fraudsters demanded more money – this time for 'tax'. At this point, Mr P realised he'd been the victim of a scam and reported the matter to Revolut.

It said that it wasn't responsible for his loss as it had both provided warnings in relation to the transfers and couldn't recover the card payment through the chargeback scheme.

Mr P, through a representative, referred the matter to our service. He argued that Revolut ought to have found the activity which took place to be suspicious and should have spoken to him before allowing it to proceed. Had it done so, he argued, the scam would have come to light and the loss would have been prevented.

One of our Investigators didn't uphold his complaint. They thought that the warnings displayed by Revolut were proportionate to the risk presented. They also noted that Mr P may not have seen the warning if, as claimed, the fraudsters had control of his computer and were instructing the payments. So even a better warning might not have prevented the scam.

Mr P didn't agree. He argued that Revolut ought to have found the third and final payment suspicious and should have asked him specific questions about it, which would have uncovered the scam and prevented further loss.

As no agreement could be reached, the case was 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.

The starting point in law is that Mr P is responsible for payments he's authorised himself. Although Mr P has said that some of the payments were carried out while the fraudsters had control of his computer, he doesn't dispute consenting to them, so I'm satisfied they were authorised. But taking into account regulators' rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I think Revolut ought, fairly and reasonably, to have been on the lookout for out of character and unusual

transactions or other indications that its customer might be at risk of financial harm from fraud.

I'm sorry that Mr P has been the victim of such a cruel scam. But, having considered this matter carefully, I don't think Revolut made a mistake when it allowed the payments in dispute to debit his account without further intervention.

In making this decision, I've thought carefully about how the transactions would have appeared to Revolut, taking into account that it knew little about Mr P, his circumstances or the way that he usually managed his finances.

Mr P appears to have given a number of different reasons for opening his account (it's possible to choose more than one) including buying cryptocurrency. So the activity which took place that was identifiably going to a cryptocurrency provider would not have appeared inconsistent with that.

Revolut did provide several warnings throughout the payment journey. A couple of those were quite general in nature, but nevertheless highlighted the broad risk of scams. Revolut says that Mr P would have seen a more specific warning while attempting the transfers, but it is unable to demonstrate which payment reason was selected due to a system error. I understand Mr P cannot recall which warning he might have seen.

Based on the evidence I've seen, it's likely that Mr P had to select a payment reason and it's reasonable to think that, of the available options, 'investment' was the most relevant to his circumstances. Had Mr P chosen this option he would have seen some fairly relevant information about investment scams. So, when deciding whether Revolut did enough here, I've taken into account that Mr P could have seen a warning that was fairly relevant to his circumstances.

Mr P says that all three payments actually went to the same cryptocurrency provider (that I'll call B), but it doesn't appear that way on his statement and Revolut say they were not aware that anything but the card payment was going to B. Had Revolut been able to identify that all three payments had the same destination and that destination was related to cryptocurrency, then I might have expected it to provide a warning specifically about the risks of cryptocurrency and cryptocurrency investment scams when Mr P made the third payment. But without that knowledge, I don't think that it needed to give that kind of specific warning.

I'm also conscious that, given what Mr P has said about the fraudsters having control of his computer, it's not clear whether he saw any of the warnings and, therefore, he would not have seen a more specific warning had it been provided.

I'm also not persuaded that the pattern of transactions by the third payment, taking into account the values of those payments and what Revolut knew about Mr P, looked suspicious enough to warrant a human intervention. I do acknowledge that the third payment was the second payment that Mr P was making in under an hour and a concerning pattern was beginning to develop. But, that payment did not, in my view, represent such a heightened risk that a human intervention was proportionate.

Overall, I think that the steps that Revolut did take to warn Mr P were sufficient here and I don't find that, fairly and reasonably, it ought to have done more.

Finally I've considered Revolut's attempts to recover Mr P's money. There appears to have been a delay before it contacted the firm which received the transfers. However, the receiving firm confirmed that all of Mr P's money was removed from that account before he contacted Revolut to report the scam. I'm also satisfied that a chargeback in relation to the

card payment would have no prospect of success as B had provided services to Mr P – namely the transfer of funds and/or provision of cryptocurrency.

I know this will be extremely disappointing for Mr P, but I don't find that Revolut have made a mistake, so I won't be asking it to refund his losses or pay any compensation.

My final decision

For the reasons I've explained, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 23 November 2023.

Rich Drury
Ombudsman