

The complaint

Mr H complains that Revolut Ltd has failed to refund money he lost as part of an investment scam.

What happened

Mr H is represented in this complaint by a solicitor. For simplicity, I will refer to Mr H throughout this decision, even when referencing what his representatives have said on his behalf.

Mr H saw an advert on social media for an investment platform, which appeared to be endorsed by well known celebrities. He followed a link in the advert and after submitting his contact details he was contacted directly by an individual who claimed to be working for the investment platform. After some discussion, Mr H was convinced to open an account with Revolut to make payments to cryptocurrency providers to fund his investment. Initially he invested a small amount, and when he saw some small returns, he then made further payments to the investment platform.

In total Mr H invested over £20,000, but unfortunately, and unknown to Mr H, the people he was dealing with were not legitimate, and he had actually been the victim of a scam. This came to light when the scammers asked Mr H to pay capital gains tax on his profits and Mr H became suspicious. Mr H then contacted his representatives who raised a complaint with Revolut on his behalf. Mr H believes that Revolut could have done more to protect him from this scam, and could therefore have prevented his loss.

Revolut looked into what had happened, but did not think it should have to refund any of the payments to Mr H. It said that the payments had been made to other accounts – with the cryptocurrency providers – in Mr H's name before the funds were passed onto the scammers, so it didn't consider that it should be held responsible for the loss. It also noted that, even if Mr H's payments had been flagged as suspicious, it did not think that any reasonable intervention would have prevented the scam.

Mr H was unhappy with Revolut's response and so he referred his complaint to our service.

One of our Investigators looked into what had happened, but did not feel that we could reasonably ask Revolut to refund the payments Mr H made. They felt that there was a point at which it would have been reasonable for Revolut to intervene – when Mr H made a payment of £5,000 – but did not consider that reasonable intervention (in this case, the Investigator felt that would be a tailored written warning) would have broken the spell Mr H was under.

Mr H maintains that Revolut should have used the chat function in its app to ask searching questions and to give advice about likely scams, or explained more about what scams can look like. And, if it had done so, Mr H feels the spell would have been broken and his further loss would have been prevented.

As no agreement could be reached, this case has been passed to me for a 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.

Having done so, I agree with the conclusions reached by the investigator, and for the same reasons.

It isn't in dispute that Mr H authorised the disputed payments he made to his cryptocurrency account, from where his funds were subsequently transferred on to the scammer. And the starting position is that banks ought to follow the instructions given by their customers in order for legitimate payments to be made.

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 a bank should reasonably have had a closer look at the circumstances surrounding a particular transfer. For example, if it was particularly out of character.

And Revolut has a difficult balance to strike in how it configures its systems to detect unusual activity or activity that might otherwise indicate a higher than usual risk of fraud. There are many millions of payments made each day and it would not be possible or reasonable to expect a bank to check each one. And, in situations where Revolut do intervene, I would expect that intervention to be proportionate to the circumstances of the payment.

In this case, Mr H's Revolut account was opened as a result of the scam, so Revolut had no account history with which to compare any transactions Mr H was making. So Revolut would have been relying on generic indicators of fraud risk when the scam payments were made as Revolut would have had no idea of what might be normal for Mr H's account at that time. So the first few payments Mr H made, which were for relatively small amounts in the wider context of the payments Revolut sees every day, would not, in my mind, have been high enough to cause Revolut any particular concern.

However, I agree with our Investigator that the payment Mr H made on 26 January 2023, for £5,000, should have been flagged as potentially suspicious. I say this because this payment was more than double any payment Mr H had previously made and so, in conjunction with the payment being to a cryptocurrency provider, I think it's arguable that Revolut should have intervened at this stage. The question I must then consider is what a reasonable intervention would have been at this stage, and would that intervention have broken the spell and uncovered the scam.

I consider that a reasonable intervention at that stage would have been a tailored written warning, giving some information about potential scams. I appreciate that Mr H feels direct contact and questioning via Revolut's app would have been more appropriate, but given the limited account history, and that the relevant payment was still, in a wider context, for a relatively low amount, I am satisfied that a tailored written warning would have been a proportionate intervention, given the individual circumstances of this case, and I'm not persuaded Revolut needed to do anything more.

And, having thought carefully about what Mr H has said, I don't think that this proportionate intervention – a tailored, written warning – would have uncovered the scam. Mr H has said he had seen positive reviews of the investment platform, had personal login details for his trading account, had built up a rapport with the scammers, and he had received some returns from his investment. So I don't think it's likely that the proportionate intervention I

would have expected from Revolut at this stage would have been likely to flag to Mr H that he was at risk.

There were further payments after this stage, but for similar amounts, and spread out over several weeks. So I don't think this pattern would have reasonably triggered any more in-depth intervention.

So with all this in mind, I'm satisfied that Revolut didn't miss an opportunity to uncover the scam Mr H was a victim of. I don't think it could reasonably have done more to prevent Mr H's loss, and so I won't be asking it to refund those losses to Mr H.

I've also thought about whether Revolut could have done more to recover the funds after Mr H reported the fraud. But I'm satisfied that it could not have done more here. Mr H had transferred money to his own cryptocurrency account before the funds were subsequently transferred on to the scammer. So Revolut wouldn't have the same obligations as the financial institution responsible for the eventual transfer to the scammer's account. In any case, once the funds are moved to a cryptocurrency wallet it is impossible to recover those funds, due to the nature of cryptocurrency and how it works. So Revolut would not have been able to recover the funds once they were passed on.

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

My final decision

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 8 February 2024.

Sophie Mitchell
Ombudsman