

The complaint

Mr C complains that Revolut Ltd hasn't refunded him after he fell victim to a scam.

What happened

The background to this complaint is well-known to both parties and so I'll provide only a brief summary of events here.

In December 2022 Mr C was looking for investment opportunities online and came across the website of a firm I'll call I.

Mr C has said I claimed to offer assistance with various investments, including forex and stocks. He's said how the website was professional looking and convincing. What he didn't know at the time was that it had been set up by scammers.

Mr C registered his details and was contacted promptly. Following a persuasive discussion with someone from I, Mr C decided to invest. He was instructed to set up an account with Revolut so that he could fund a cryptocurrency wallet, which was also newly created in his name. Once funds were added to the wallet they were transferred on at the scammer's instruction. Mr C believed he was funding his trading account with I, but his money was being lost to the scammers.

Mr C's first payment was made by card on 14 December 2022 and was for £3,000. He saw returns on his investment and was able to withdraw some funds. He was then persuaded by the scammer to invest substantially more and on 20 December 2022 he made four payments totalling £17,500 to his cryptocurrency wallet before again sending the money on.

Mr C was able to make further withdrawals into February 2023 and at that point was persuaded to invest a further £20,000. The scammers had told Mr C he'd be able to double his money by the end of the month. And so, on 23 February 2023, Mr C transferred a further £20,000.

Mr C realised he'd been scammed as the pressure to invest more kept increasing and things seemed to be going wrong with his trades. Once revealed, Mr C reported the scam to Revolut and asked for its help.

Revolut looked into what had happened but said it was unable to help and wouldn't refund Mr C's loss. It said it had executed legitimate and authorised payment instructions received from Mr C and that the money had reached the intended beneficiary – the cryptocurrency provider.

Unhappy with Revolut's answer, Mr C referred his complaint to our service where it was first considered by one of our investigators. He acknowledged that Mr C had authorised all of the payments but found Revolut ought to have been concerned by the account activity. He said Revolut ought to have questioned Mr C about what he was doing when he made the third payment of £5,000 on 20 December 2022 and that, had it done so, the scam would have been revealed and Mr C's loss avoided. On that basis he said Revolut ought to bear

responsibility for Mr C's loss.

Our investigator also found that Mr C ought to bear some responsibility too, given his actions hadn't been reasonable. He noted that Mr C was investing significant sums of money and yet appeared not to have carried out many checks as to the legitimacy of I, and despite there being some reviews online identifying I as a scam. On that basis, our investigator said responsibility for Mr C's losses ought to be shared equally between him and Revolut.

Revolut agreed with our investigator's recommendations, but Mr C did not. In summary, Mr C said he had checked for reviews online and found they were mostly positive. He also said everything about I seemed legitimate. Mr C also let us know about a number of medical and mental health conditions along with the medication he takes as a result. He's explained how he feels this made him more vulnerable to the scam.

Our investigator considered the additional information, but his findings remained the same. Mr C asked that an ombudsman review the outcome.

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.

I'm sorry to disappoint Mr C but, having done so, I'm reaching the same outcome as our investigator and for broadly the same reasons.

I don't doubt that the scam and the loss have had a significant impact on Mr C. It seems particularly cruel for Mr C to have been targeted in this way given his physical and mental health conditions. But I must base my findings based on what I believe to be a fair and reasonable outcome for both parties.

I don't intend to go over the findings as to whether Revolut needed to intervene in the payments and what difference that might have made. That's because these points are no longer in dispute. Mr C believes Revolut ought to have stepped in and so did our investigator. Revolut then accepted those findings and agreed to compensate Mr C for his loss.

That position is in line with our approach to cases of this nature and where we take account of what the Payment Service Regulations (2017) say about authorisation, liability, and an account provider's requirement to follow customer instructions. We also take account of industry guidance and best practice and consider that firms like Revolut ought to be aware of the changing and developing nature of scams, including the significant growth in cryptocurrency investment scams. So I'm satisfied the position that Revolut ought to bear some responsibility is fair and reasonable.

What is left in dispute is whether Mr C should bear any responsibility himself. I've thought carefully about what Mr C has told us about his vulnerabilities. I've no doubt that these significantly impact his day to day life, and in a range of ways. But I also have to think about how proportionate and reasonable his actions were in the circumstances.

It is the case that Mr C was investing significant sums of money here. And yet it is fair and reasonable to say there was very little done to verify the legitimacy of I. It seems the quality of the website was largely taken at face value.

But what I find to be a particularly important factor here is that Mr C has confirmed he did check for reviews online and he's specifically referenced Trustpilot, saying most of the

reviews were positive. But, from what I can see, there were only a handful of reviews published at the time he invested. Of those almost half were negative and referred to I as being a scam.

So whilst Mr C might have been less able to identify I as a scam himself, there was some significant information available in the public sphere, and it is information that he saw before deciding to go ahead. And I can't see that there were actions carried out by Mr C that sought to address the significant concern those reviews ought to have given.

I'm also mindful that as time went on the number of negative reviews grew. I might not necessarily have expected Mr C to keep checking back for new reviews, especially as everything seemed to be going well. But in February 2023 Mr C was being pressured to invest more. And he was given the unlikely proposal that he could double his money by the end of the month, which appeared to be little more than a week away. And so there was a too good to be true offer before him, but which doesn't seem to have been questioned. I don't find it's unfair to say that this ought to have prompted some fresh consideration of I and the wider circumstances Mr C found himself in. And that could have meant checking the reviews for I again with them, by that time, having increased in number and with the majority being negative and referencing a scam.

With these points in mind I don't find Mr C's actions were reasonable and it's fair that responsibility for his loss be shared.

Putting things right

On Mr C's acceptance, Revolut should:

- Refund the £13,343.36 (being 50% of the losses Revolut ought to be responsible for, minus money received back from the scam) lost to the scam, if it hasn't done so already; *and*
- Pay interest on that sum at 8% simple per year, calculated from the date of loss to the date of settlement.

My final decision

Your text here

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 2 January 2025.

Ben Murray
Ombudsman