

The complaint

Mr T complains about Revolut Ltd.

He says that Revolut didn't do enough to protect him when he became the victim of a scam and would like it to refund him the money he has lost.

What happened

The details of what happened are well known to both parties – so I won't repeat them in detail here.

In summary, Mr T saw an advert online for investing in cryptocurrency. He says that the reviews were positive and promised good returns. Unfortunately, this was a scam.

After making contact with the scammer, he made an initial investment, which seemed to be doing well, so he made a further payment. Mr T made two payments, one of £3,300, and another payment of £1,700.

Mr T then told the scammer he had no more money – and was told to borrow from family or friends. Things came to a head when he was promised funds within 48 hours, but this never materialised.

Mr T reported the scam to Revolut, and made a complaint at the same time, but it didn't uphold it.

Mr T then came to this Service, and our Investigator looked into things for him – but also didn't think that the complaint should be upheld.

Mr T and his representative asked for an Ombudsman to make a final decision, so the complaint has been passed to me.

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've decided not to uphold Mr T's complaint for broadly the same reasons as our Investigator. I know this will be disappointing, so I'll explain why.

It isn't in dispute here that Mr T has fallen victim to a scam and lost money as a result. However, even when it is clear that a scam has taken place, and individuals have been tricked out of their money, it doesn't necessarily follow that a business will need to refund the money that has been lost.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards;

codes of practice; and, where appropriate, what I consider having been good industry practice at the time.

In broad terms, the starting position at law is that banks, electronic money institutions (EMI's) and other payment service providers (PSP's) are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (PSRs) and the terms and conditions of the customer's account.

Mr T authorised the payments in question – so even though he was tricked into doing so and didn't intend for the money to end up in the hands of a scammer, he is presumed liable in the first instance.

But this isn't the end of the story. As a matter of good industry practice, Revolut should also have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there is a balance to be struck: banks had (and have) obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction.

Taking into account the above, I consider Revolut should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

In this case, I need to decide whether Revolut acted fairly and reasonably in its dealings with Mr T when the payments were authorised from his account, or whether it could or should have done more before processing them.

Having considered the payments Mr T made, I do think that Revolut should have provided Mr T with a tailored and specific written warning about crypto investment scams when he made the first payment. At the time the payment was made Revolut should have known that this type of transaction carried an elevated risk – and attempted to protect him from financial harm.

However, in order for me to uphold Mr T's complaint, I would have to find that Mr T would have taken notice of such a warning, and not continued with the payment. And I'm afraid that even if Revolut had done as I expected, Mr T would have continued with the payment.

I say this because Mr T's payment journey began with his other bank, where he transferred the funds from to his account with Revolut, before then moving the funds on to the scammer – and this bank did intervene with the payments he was making.

Mr T's other bank called him when he was making payments as part of the scam and questioned him about what he was doing and why – it told him that he needed to be honest,

and that scammers often tell customers to lie to their bank about the true nature of payments – and that if this was applicable to him, it was important that he let the bank know.

But Mr T didn't divulge this information to his previous bank – and he had been told to conceal what he was doing. He denied any third-party involvement, and said he was moving money for his own purposes. I am also aware that Mr T took out a personal loan to fund the scam – and that he told this bank that the payments were for home improvements.

I know that in this instance, the funds were going directly to Binance – and not a UK bank account in Mr T's own name – but I am not persuaded that Mr T would have taken more notice of a written warning from Revolut than he did when his other bank spoke with him directly on the phone – and would still have proceeded to make the payment.

Mr T's representative say that Revolut should have been on notice about payments to Binance. But Binance is a legitimate crypto exchange – and as I've said above, I don't think that Mr T would have stopped making the payment, even if Revolut had provided him with a warning about crypto investment scams.

The Financial Conduct Authority (FCA) warning it has also mentioned is also not about the legitimate crypto exchange either. And while I am aware that other banks have made the choice to restrict payments made to Binance, this is the choice of those institutions.

I am very sorry for the situation Mr T now finds himself in, I know that he has lost money as a result of this scam and is distressed by what has happened here. But this is the fault of the scammers – and I can't ask Revolut to refund him when I think that Mr T would have continued to make the payments even if it had warned him not to do so.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 20 June 2024.

Claire Pugh
Ombudsman