

## 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 as a result.

## What happened

Mr T came across an advert while watching videos on social media offering an investment opportunity. He completed an enquiry form and was contacted by an individual

Mr T was then persuaded by the individual to take up an investment opportunity on advice of the individual and seeing positive reviews. He was further persuaded to take out loans to fund the investment and made the following payments.

Payment	Date	Payee	Payment type	Amount
1	26/01/2023	B – a crypto exchange	Card	£2,000
2	27/01/2023	B – a crypto exchange	Card	£4,000
3	27/01/2023	B – a crypto exchange	Card	£4,000
4	31/01/2023	B – a crypto exchange	Card	£5,000
5	31/01/2023	B – a crypto exchange	Card	£5,000
6	07/02/2023	B – a crypto exchange	Card	£4,999
7	07/02/2023	B – a crypto exchange	Card	£4,999
8	07/03/2023	B – a crypto exchange	Card	£2,550
9	08/03/2023	B – a crypto exchange	Card	£900
10	09/03/2023	B – a crypto exchange	Card	£100
11	09/03/2023	B – a crypto exchange	Card	£15
12	09/03/2023	B – a crypto exchange	Card	£20
13	13/03/2023	B – a crypto exchange	Card	£865
14	13/03/2023	B – a crypto exchange	Card	£400
15	14/03/2023	B – a crypto exchange	Card	£1,400
			<b>Total</b>	<b>£36,448</b>

Unfortunately, Mr T had fallen victim to a scam, which he discovered when he tried to make a withdrawal and was told that he needed to pay taxes upfront before he was able to withdraw.

Mr T complained to Revolut and said that it should have done more to protect him from the scam.

Revolut didn't uphold his complaint – so Mr T brought his complaint to this Service.

Our Investigator looked into things but didn't think that the complaint should be upheld. They said that while Revolut should have warned Mr T about what he was doing when he made his second payment, they weren't persuaded that an intervention would have made a difference.

Mr T 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 have decided not to uphold this complaint. I know this will be disappointing for Mr T, so I'll explain why.

In broad terms, the starting position at law is that banks 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 and the terms and conditions of the customer's account. And I have taken that into account when deciding what's fair and reasonable in this case.

Mr T authorised the payments in question here – 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 law, regulator's rules and guidance, relevant codes of practice and what I consider having been good industry practice at the time, 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.
- Have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

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

Looking at the payments Mr T made, I don't think that Revolut needed to become involved when Mr T made his first payment as it wasn't sufficiently unusual or suspicious enough for Revolut to have suspected that Mr T may have been at risk of financial harm at this point. While I understand that the payment was going to a crypto exchange, not every transaction of this type is linked to a scam, and Revolut can't be expected to be involved in all such payments.

But when Mr T made his second payment, I think that a pattern was emerging that could indicate that Mr T may have been falling victim to a scam – the payment was much larger than the previous payment, and while I have said that not every payment to crypto is a scam, payments of this kind do carry an elevated risk which Revolut should have been aware of. So, I think the type of transaction, coupled with the amount should have prompted Revolut to intervene and provide Mr T with a tailored warning about what he was doing, and possibly direct him to have speak with a Revolut representative withing its chat service on its app to check what was going on.

However, in order for me to uphold this complaint, I would have to think that this kind of intervention would have prevented Mr T from losing his money, and I'm afraid that I don't think that it would. I'll explain why.

Mr T has already explained to this Service that he followed the scammers instructions to move money from his main bank to Revolut as it would be easier to make crypto payments, and to mis-led his previous bank about the nature of the payments he made into his Revolut. The scammer also instructed Mr T to hide the true nature of the payments from Revolut if it was to ask him about it, and to say that he was acting on his own and making payments to his own trading account. As Mr T had already shown that he was willing to follow the scammers instructions on what to do, I can't say that he would have been more open with Revolut about what he was doing or divulge that he was being told what to do and say. So I can't say that Revolut's failure to intervene caused Mr T's loss.

I'm also mindful that Mr T has explained that he took out loans to fund the supposed investment. While I don't know what Mr T told the lenders about the purpose of the loans, I think it is unlikely that he declared that the purpose of the lending was for a crypto investment, if he was asked to provide one, as the majority of lenders do not provide funding for this purpose.

I am very sorry for the situation Mr T now finds himself in – I know he has lost money and run up debts as a result of this scam. But the loss was caused by the scammer, not Revolut, and I can't ask it to refund him when I don't think Revolut's failure to intervene caused his loss.

### **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 22 November 2024.

Claire Pugh  
**Ombudsman**

