

The complaint

Mr D complains that Revolut Ltd won't refund money he lost when he fell victim to a cryptocurrency investment scam.

Mr D is being represented by solicitors in his complaint.

What happened

The detailed background to this complaint is well known to both parties and has also been set out previously by the investigator. The facts about what happened aren't in dispute, so I'll focus on giving my reasons for my decision.

The complaint concerns nine transactions totalling around £14,000 which Mr D made over a period of ten days in June 2023. These were made in connection with an investment opportunity he was introduced to by someone he met on an online dating app a few days prior. Mr D realised he'd fallen victim to a scam when he was unable to make a withdrawal despite being asked for and paying a withdrawal fee.

Mr D deposited funds into his Revolut account from his account with another payment service provider, and then used those funds to purchase cryptocurrency. The cryptocurrency was then sent on to cryptocurrency wallets as instructed by the platform he'd been introduced to by the individual he was corresponding with.

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.

In broad terms, the starting position at law is that an Electronic Money Institution ("EMI") such as Revolut is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

But, taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to be good industry practice at the time, I consider it fair and reasonable that in June 2023 that Revolut should:

- have been monitoring accounts and any payments made or received to counter various risks, including 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 firms 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, or provided additional warnings, before processing a payment – as in practice Revolut sometimes does,
- 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.

EMIs are set up with the purpose of sending and receiving money and the type of payments they're generally used for tends to be somewhat different to banks and building societies. Often, the payments will be for larger sums. Where there's limited account history, as I understand was the case here given the account was opened some time ago had been rarely used, what should reasonably strike Revolut as concerning for a first payment isn't down solely to the transaction amount involved.

I haven't seen any other factors at play here such that, in my view, Revolut should have been concerned and ought to have taken additional steps when Mr D authorised the first disputed transaction – an electronic transfer – of £1,000 on 20 June. But we know the transaction did flag on Revolut's fraud detection systems. So, I've gone on to consider whether the actions it took following that were appropriate.

Mr D was informed that the transaction he'd authorised was likely scam related. He was then asked to select the purpose of the payment and a warning was displayed on the screen based on the purpose selected from the available options. Revolut's records show Mr D chose investment, and a warning was shown on a series of screens which he couldn't skip. These set out the typical hallmarks of investment scams, including being contacted about or seeing an advertisement offering an opportunity to make easy money. Amongst other things, Mr D was also advised that legitimate investments won't be arranged over social media. He was then presented with the option to cancel or go ahead with the payment. We know Mr D chose to go ahead and the transaction was executed.

Having thought carefully about it, contrary to what Mr D's representative has asserted, I consider the steps Revolut took in relation to the first transaction and the warnings it provided were proportionate to the risk involved. I recognise that the steps Revolut took didn't stop Mr D from going ahead with the transaction. But I find that it acted reasonably in the circumstances.

Except for one transaction, the remaining transactions also went to the same payee. And the individual amounts ranged between £1,000 and £2,000. I've considered Mr D's representative's comments about nine payments being made in ten days in quick succession being unusual. I accept that the scam payments happened over ten days. But they were spread across that period and individually spaced out over 24 hours. And Revolut did intervene when Mr D sent a one-off scam related payment to a different beneficiary. It asked him for the payment purpose (investment) and then provided a warning covering the hallmarks of scams associated with that purpose.

Even if I were to make a finding that the individual transactions to the same payee over three or four days ought to have appeared unusual, given the sums involved, the most I would have expected of Revolut in terms of a proportionate response would have been to provide a written warning specific to the risk identified. But it already did this when Mr D authorised the first transaction, and at least once more after that. Therefore, I'm not persuaded that a further intervention by Revolut would have prevented Mr D's loss. For completeness, these weren't identifiably cryptocurrency related transactions. So, it isn't the case that I would have

expected Revolut to have already known Mr D was investing in cryptocurrency and therefore provided a warning that covered typical features of investment scams involving cryptocurrency.

In conclusion, I fully acknowledge that there's a considerable amount of money involved here. Despite my natural sympathy for the situation in which Mr D finds himself due to the scammer's actions, for the reasons given, it wouldn't be fair of me to hold Revolut responsible for his loss.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 30 August 2024.

Gagandeep Singh
Ombudsman