

## The complaint

Mr J complains that Revolut Ltd hasn't refunded him after he fell victim to an investment scam.

Mr J is represented by a claims management firm I'll refer to as C.

## What happened

The circumstances of this complaint are well-known to both parties, and so I'll only provide a summary of events here.

Mr J found an advert on a social media platform which was promoting an investment opportunity in cryptocurrency. Mr J gave his details and was soon engaged in conversation with someone posing as a broker, but who was in fact a scammer.

The scammer told Mr J how the investment would work and how his money would be managed for him. To enable this, Mr J opened an account with Revolut. He then used the account to send money to the scammers through a merchant which provided money transfer services (I'll refer to it as S) and facilitated the buying and selling of cryptocurrency. All funds sent to this merchant were in turn transferred out of Mr J's control (by him) and into the hands of the scammers.

Mr J realised he'd been scammed when he tried to withdraw his capital and what he believed to be his returns. No money was forthcoming, and Mr J found he had no way of accessing what he believed to be his.

Around a month after this Mr J was contacted by someone claiming to work for a company that could help him recover his scam losses. But this was also a scammer. Not realising at the time, Mr J engaged with them and sent money to a crypto wallet (held with a firm I'll call B) before forwarding the purchased cryptocurrency on at the scammer's instruction. Initially, Mr J paid a fee for the recovery of his lost money. Later, he was told he'd need to pay various fees and taxes to release the recovered funds. Mr J realised he'd been scammed again when he received no money back.

These are the payments made by Mr J toward the two scams:

Date	Scam and payee	Amount	Payment method
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23 August 2022	Scam 1 - S	£1,000	Faster payment
25 August 2022	Scam 1 - S	£999	Faster payment
31 August 2022	Scam 1 – S	£1,000	Faster payment
13 September 2022	Scam 1 – S	£1,000	Faster payment
22 September 2022	Scam 1 – S	£2,999	Faster payment
23 September 2022	Scam 1 – S	£998	Faster payment
23 September 2022	Scam 2 - B	£2,000	Card payment
26 September 2022	Scam 2 - B	£2,200	Card payment
09 November 2022	Scam 2 - B	£2,499	Card payment
10 November 2022	Scam 2 - B	£1,000	Card payment
14 November 2022	Scam 2 - B	£2,146	Card payment
28 November 2022	Scam 2 - B	£1,001	Card payment
29 November 2022	Scam 2 - B	£2,000	Card payment
30 November 2022	Scam 2 - B	£1,251	Card payment

One of our investigator's considered Mr J's complaint, which he brought to us after Revolut said it wouldn't refund his loss. He didn't recommend the complaint be upheld. He said that the payments had been properly authorised and that Revolut had acted fairly and reasonably in following Mr J's payment instructions.

Our investigator considered the account activity and thought about whether Revolut ought to have intervened at any point, and whether it ought to have recognised Mr J was at risk of financial harm through fraud. He said Revolut had acted fairly and reasonably in allowing the payments through as they didn't appear particularly unusual or suspicious. A key factor in reaching that finding was that the Revolut account was new, and so no historical account activity could have been used for comparison.

C responded to the investigator's findings and said it was largely in agreement with them. It challenged on one point and asked what had been stated as the reason for opening the account. On the basis this had been given as 'scheduling payments' and 'overseas payments', and that there was no reference to cryptocurrency, it felt Revolut ought to have recognised the payments as unusual.

The complaint has been passed to me for a final decision as an agreement on the outcome hasn't been reached. I've already discussed my intention to not uphold this complaint with C and it has passed this detail on to Mr J. They've asked for a final decision to bring the complaint to a close.

## **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 don't doubt that it will come as further disappointment to Mr J that I'm still not upholding his complaint. It's clear he's lost a significant sum of money here having been targeted by unscrupulous scammers more than once. But I can't say Revolut has acted unfairly or unreasonably.

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 have been good industry practice at the time, I consider it fair and reasonable in DATE 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 including in relation to card payments);
- 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.

I then have to consider whether the activity on Mr J's account was so unusual that Revolut ought to have gone against its principal duty to execute his payment instructions. I'm not persuaded it was.

The total loss suffered by Mr J is significant. Of that there's little doubt. But taken on a payment by payment basis it's true that no individual transaction was so high in value that it stands out as inherently risky.

It's also evident the payments are spaced out, especially early on in the scams. In the beginning, the payments are a couple of days apart at first, then a week, then a fortnight. So the velocity of payments isn't high. And, as time goes on, the payments themselves establish the pattern of spending on the account. That is especially true given the account was new, and there was no other transaction history that might have otherwise marked the spending out as unusual.

By the time the second scam gets underway the spending pattern is well-established and so I don't find it was unfair for Revolut to continue to allow payments.

C has argued that the account opening purpose ought to have given Revolut more cause for alarm. I disagree. I wouldn't expect every payment made from an account to exactly match a purpose stated during account opening, though it can be an important consideration when thinking about account monitoring. The points I've already made about the pattern of spending and the normalisation of transactions still carries weight here.

It's also true that Mr J's payments weren't significantly different from the stated account opening purpose. He said he was going to be scheduling payments, which he did. And he said he'd be sending money overseas. That is a service offered by S and it's also possible to send cryptocurrency internationally through B. I don't then find the account activity was so far removed from what Revolut ought to have been expecting to see that it should have considered the payments made by Mr J as inherently high risk.

Unfortunately for Mr J, once payments were made, there was no chance of recovering the money. He'd paid funds to legitimate merchants and then sent those funds on through the services offered by them. That meant the money was removed from the accounts he'd paid and wasn't there to be recovered. It's also the case that those merchants had delivered the goods and services they'd been paid for. And so any recovery attempts, including chargeback attempts for card payments, would always have failed.

### **My final decision**

I don't uphold this complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 25 September 2024.

Ben Murray  
**Ombudsman**