

The complaint

Mr N complains that Revolut Ltd did not refund a series of payments he lost to a scam.

What happened

Mr N received a message on his phone from a woman who had the wrong number. They struck up a conversation and became friendly. Mr N had suffered a bereavement the previous year and says he was feeling lonely, so he welcomed the conversation. The woman, who I'll call 'C', invested in cryptocurrency and offered to help Mr N learn how to invest himself. The website she showed him looked professional, so he signed up. C coached him heavily on what to do, and he opened both a Revolut account and a cryptocurrency wallet to start trading. He made the following card payments from his Revolut account:

Payment #	Date	Amount
1	20/03/2023	£100
2	21/03/2023	£400
4	23/03/2023	£500
5	25/03/2023	£1,000
6	25/03/2023	€90.25
7	27/03/2023	€2,264
8	29/03/2023	£2,000
9	02/04/2023	£2,000
10	03/04/2023	£2,000
11	06/04/2023	£2,500
12	08/04/2023	£2,500
13	11/04/2023	£1,050
14	28/04/2023	£2,000
15	30/04/2023	£5,000
16	04/05/2023	£4,000
17	24/05/2023	£2,000
18	30/05/2023	£2,000
19	08/06/2023	£2,000
20	17/06/2023	£1,100

Mr N attempted to make a withdrawal but was told he needed to pay over \$14,000 in taxes. He confronted C about this, and eventually realised he had been the victim of a scam. He raised a scam claim with Revolut who attempted to make chargeback claims on his transactions. Only three of these were successful because the merchants did not respond in the time limit, meaning Mr N recovered £5,500 in total. However, Revolut did not agree that it needed to reimburse Mr N with the remaining funds.

Mr N referred his complaint to our service and our Investigator looked into it. They felt the initial payments were not so unusual that they warranted intervention from Revolut, as the amounts were not particularly high value and were relatively spaced out. But they felt the 15th payment of £5,000 warranted a tailored cryptocurrency warning from Revolut. But they

did not think this warning would have been enough to prevent Mr N from making further payments, as he had fallen victim to a romance scam with elements of a cryptocurrency investment scam. So they did not think only an cryptocurrency scam warning would have been enough to break the spell.

Mr N's representative disagreed with the outcome. In summary, they felt probing questions from Revolut would have revealed the scam, so think an intervention would have made a difference.

As an informal agreement could not be reached, the complaint has been passed to me for a final decision.

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 firstly want to acknowledge that Mr N has been the victim of a particularly cruel and manipulative scam, and I'm sorry he's gone through this experience. As this complaint is about Revolut, and not C, I can only consider their actions in this decision.

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 March 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 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've reviewed Mr N's statements and considered if I think Revolut should reasonably have intervened at any point in the scam journey. In doing so, I note that Mr N opened the Revolut to facilitate the scam, so there was no genuine account activity for Revolut to compare the scam payments to. I can see the payments themselves were relatively spread out over the course of three months, and on balance I don't think the pattern or volume of the payments was suspicious enough to warrant intervention from Revolut.

I can see our Investigator has highlighted the payment of £5,000 was of a higher value than the previous ones and was suspicious enough to warrant a tailored cryptocurrency warning from Revolut. I think it could be argued that the merchant Mr N was paying the £5,000 to was not identifiably related to cryptocurrency, or at least it provided other services aside from exchanging cryptocurrency. So it could be argued that the payment wasn't identifiably linked to cryptocurrency and the risk it posed was therefore lower, meaning I wouldn't have expected Revolut to provide a warning in the circumstances.

However, I have gone on to consider if a tailored cryptocurrency warning would have made a difference in the circumstances. For the risk level the payment posed if I were to agree it was identifiably going to cryptocurrency, I would have expected an automated cryptocurrency warning to be issued. But I don't think it would have warranted a staff intervention from Revolut where they would ask additional questions to Mr N about the payment.

As has been set out, this was not a purely cryptocurrency investment scam, instead there was also a romance scam element to it, where Mr N had developed some form of a relationship with the scammer. Unfortunately, the conversation between Mr N and the scammer is no longer available, so it is difficult for me to determine how deep into the scam he was at the time.

I have to consider that a tailored cryptocurrency scam warning, setting out the general signs of that type of scam may not have resonated with Mr N, as it did not align with how he fell victim to the scam. Cryptocurrency investment scams can be advertised by a celebrity, have a broker involved and offer high rates of return. It appears in Mr N's case he was being coached by someone he felt he had a romantic involvement with, which would not have felt the same as a broker. He found the investment through C in what seemed like a chance encounter, and he appeared to be involved in cryptocurrency mining which is slightly different to the typical investment scam. On balance, I don't think a tailored cryptocurrency warning from Revolut would have been enough in this particular case to break the spell of the scam and prevent Mr N from making further payments. So, I don't think Revolut missed an opportunity to meaningfully reveal the scam and I don't think they need to reimburse Mr N in the circumstances.

I can see Revolut raised chargeback claims for all of the transactions that were within the time limit. The chargeback scheme is voluntary and run by the card issuers and not Revolut. Its purpose is to resolve disputes between merchants and consumers. Three of the claims were successful, because the merchants did not respond within the time limit, so Mr N automatically received refunds of £5,500. However, the other claims failed as Mr N had paid the merchants for a service which had been provided, and I don't think Revolut has made an error here when it did not pursue these further.

My final decision

I do not uphold Mr N's complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 1 November 2024.

Rebecca Norris
Ombudsman