

The complaint

Mr K complains that Revolut Ltd (“Revolut”) have failed to refund the money he lost as part of an investment scam.

Mr K has a representative but for ease of reading I will mainly just refer to Mr K.

What happened

The details of this complaint are well known to both parties, so I will not repeat everything again here. Instead, I will focus on giving the reasons for my decision.

In summary though, Mr K found a video for a trading company that I will call B on a well-known video-based website. He clicked on a link on the video in question and was contacted by a representative of B. They persuaded Mr K to trade through B.

After this Mr K made a number of debit card payments to a crypto exchange totalling over £150,000 in December 2022. My understanding is that the funds were converted to crypto and then sent on to B.

The funds for these transactions were sent to Mr K’s Revolut account from an account that he holds with a different institution. A complaint about this institution that I will call D has been dealt with separately.

Mr K asked Revolut to refund these payments as he believes Revolut should have done more to prevent him from being scammed. Revolut did not agree with this.

One of investigators looked into this matter and she thought that Revolut should have intervened and asked probing questions, but any warnings or interventions would not have stopped the scam.

Mr K did not agree with this and therefore his complaint has been passed to me to issue a 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.

Having done so, I agree with the conclusions reached by the investigator for the following reasons.

It isn’t in dispute that Mr K authorised the disputed payments he made from his Revolut account even if he says the payments were made by the scammer on his behalf. The payments were requested by him using his legitimate security credentials provided by Revolut, and the starting position is that Revolut ought to follow the instructions given by their customers in order for legitimate payments to be made as instructed.

However, I've considered whether Revolut should have done more to prevent Mr K from falling victim to the scam, as there are some situations in which it should reasonably have had a closer look at the circumstances surrounding a particular transaction. For example, if it was particularly out of character.

Revolut intervened early on in the scam and asked for a picture of Mr K proving that he was making the requested transactions. It also asked a number of other questions, I have listed these below alongside the answers given by Mr K

- Have you recently downloaded any screen sharing application. Mr K said no.
- What was the transaction for. Mr K said for a personal purchase.
- Is the recipient pressuring you to act quickly at risk of missing out on an investment opportunity. Mr K said no.
- Have you been contacted or encouraged to invest by someone you don't know or have only met online recently. Mr K said no.
- Are you buying cryptocurrency. Mr K replied that he was, and he was aware of the risk. Revolut responded to this saying, it is important to only purchase cryptocurrency from a reputable company. Scammers often use tactics to trick you into buying cryptocurrency from fake websites and investment platforms.

Given these answers, I don't think Revolut ought reasonably to have had further cause for concern. That said even if it had probed further, it seems unlikely that Mr K would've been upfront with what he was doing. I say this because it is clear that Mr K was being coached by the scammer to mislead both Revolut and D as to what he was intending to do. This is evident in the chat between Mr K and B in which at one point, from the limited chat provided, B types out what Mr K should say to Revolut if it asked too many questions. I note that this information was not used but from the comments around it, I think it would have been had Revolut asked more questions.

Also, I have listened to the calls between D and Mr K and it is clear in these calls he actively misleads D about why he was sending funds to Revolut. He said that he was doing the transfers and taking out loans to fund home improvements.

So, from this I am satisfied that Mr K would not have been forthcoming about what he was doing had Revolut had questioned him further.

I do think though that Mr K should have been given a more detailed warning from Revolut about investing in crypto but it is clear that Mr K was under the spell of the scammer, and I don't think any warning would have stopped him from continuing.

Therefore, even if Revolut ought to have done more, I don't think its failure to intervene further could reasonably be considered as the cause of Mr K's loss in these circumstances, as it seems likely he would have given misleading information and proceeded to make the transactions irrespective of any intervention.

I've also thought about whether Revolut could have done more to recover the funds after Mr K reported the fraud, as in some circumstances the money can be recovered via Revolut raising an indemnity with the receiving bank. However, in these circumstances, Mr K transferred money to his own crypto account so a chargeback would not have been successful as he received what he paid for.

I appreciate this will likely come as a disappointment to Mr K, and I'm sorry to hear he has been the victim of a cruel scam. However, I'm not persuaded that Revolut can fairly or reasonably be held liable for his loss in these circumstances.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 17 April 2024.

Charlie Newton
Ombudsman