

The complaint

Mr H complains that Revolut Ltd won't refund him money he lost in an investment scam.

Mr H is represented by a professional third-party representative, but I'll refer just to Mr H for ease of reading.

What happened

I've summarised what I think are the key events.

Mr H says he responded to an online advertisement and was then contacted by someone purporting to be an investment broker. He had researched the investment broker by looking at their website and was impressed by what appeared to be a professional looking site. When he was contacted by the broker, the broker advised Mr H about an investment opportunity in cryptocurrency, explained how it worked and offered to assist him in setting up accounts to enable him to trade.

Mr H says he began to make small payments to his investment account via another account he held with a high street bank. This was in February 2023.

In June 2023, Mr H was advised to open an account with Revolut to continue making payments towards this investment. He also opened an account with a legitimate platform through which he could purchase cryptocurrency. Mr H says he downloaded an application that gave the scammer remote access to his computer in order to assist him in setting up the accounts.

He used his Revolut account to fund his account with the legitimate platform, from which he was able to buy cryptocurrency and then transfer it to an account controlled by the scammer.

Mr H's account with Revolut was set up on 6 June 2023. Mr H made a number of payments from his Revolut account as follows:

Date	Destination	Outcome	Amount
12 June 2023	Own bank account	Debit	£500
13 June 2023	Own bank account	Declined	£5,000
13 June 2023	Own bank account	Debit	£5,000
14 June 2023	Own bank account	Debit	£100
14 June 2023	Own bank account	Debit	£2,500
16 June 2023	Revolut account	Returned by beneficiary bank on 16 June 2023	£2,500
16 June 2023	Revolut account	Returned by beneficiary bank on 16 June 2023	£5,000
19 June 2023	Own bank account	Debit	£10,000
20 June 2023	Own bank account	Debit	£15,000
21 June 2023	Own bank account	Debit	£20,500

Total loss £46,100

Mr H tried to make a payment for £5,000 from his bank account to Revolut on 13 June 2023 but the payment was declined by Revolut and it contacted him to verify the source of the funds he was seeking to transfer. He passed these verification checks and was later able to make a new payment for £5,000.

There was no further communication between Mr H and Revolut until 22 June 2023. Two further transactions were returned by the platform Mr H was attempting to transfer his money to. Mr H made five successful payments in total.

On 22 June 2023, Revolut explained to Mr H that it was making checks on his account and that it believed it was highly likely that he was the victim of a scam. It asked Mr H:

1. Have you recently downloaded any screen sharing application e.g. Anydesk?
2. Were you advised to create a Revolut account after learning about an investment opportunity advertised on social media?
3. Have you received any unsolicited calls or messages recently telling you need to move your money to a safe account or to create a Revolut account for investment purposes?
4. Are you buying cryptocurrencies?

Mr H answered 'No' to the first three questions and 'Yes' to the last. His answers to the first two questions were not accurate.

Revolut continued to ask questions in the in-app chat, asking Mr H which cryptocurrency exchange he was using, whether he had access to his own account, whether he had been able to withdraw funds, how he decided which cryptocurrency platform to use and how long he had been investing for. It asked why he used Revolut to make the transactions, rather than transferring directly from his main bank account. It pressed him on whether he was in control of the account, or whether it was controlled by a third party.

Mr H said he had been investing in cryptocurrency for about six months, the account was completely controlled by him and no third party had any involvement in running the account. Revolut said it would review his answers.

Further messaging through Revolut's in-app messaging took place over the next few days and there appears to have been a breakthrough on 28 June 2023. As part of the messaging, Mr H had provided Revolut with copies of messages between him and the scammer and Revolut told him it appeared to be a scam and that his Revolut account had been suspended because of this. He sent a copy of an agreement he had received which required a £12,000 payment from him, purportedly because payments representing his investment returns had been blocked and this payment of £12,000 would allow him to "prove his liquidity" and allow the payments to be released to him. Revolut told him, on 29 June 2023, that he had been part of an investment scam and asked if he wanted to report the transactions. Mr H agreed.

It appears Mr H then made a payment of £12,000, on 30 June 2023, through his bank account with another high street bank to his cryptocurrency account and onwards to the scammers.

Mr H then appears to have queried the matter with his cryptocurrency account provider and was told by it, on 21 July 2023, that this was a scam and should be reported to the police.

Mr H said he finally became aware this was a scam on 26 July 2023, after making a further transaction from another of his accounts to another of his cryptocurrency accounts, on 25 July 2023 for £8,300.

Mr H believes Revolut ought to have intervened in this series of transactions earlier than it did and if it had done so it would have prevented his losses. He says if Revolut had asked probing questions at an earlier point, it would have easily revealed this scam. Had Revolut checked the FCA warning list, it would have found the scammers were listed on it. Had Revolut probed, he would have disclosed information that would have allowed Revolut to identify this as a scam.

Our investigator said she thought Revolut ought to have intervened when Mr H attempted to make a payment of £5,000 on 13 June 2023, due to the size of the transaction and the increase in value from the previous transaction. She considered it would have been appropriate for Revolut to have provided a tailored written warning about investment scams, including some of the key features of such scams. She also thought Revolut should have intervened on the transactions on 19, 20 and 21 June 2023, due to their size and the pattern of escalating value. But she wasn't persuaded that any interventions would have prevented Mr H's loss or that Revolut ought to have refused to allow the payments. This was because Mr H hadn't been accurate with his answers to Revolut's questions when it did intervene and it appeared he had been coached by the scammer on how to answer questions from financial institutions. She also noted that Mr H had made continued to make further payments to the scammer even after he had been told this was a scam. She concluded that Mr H was under the spell of the scammer and any intervention was unlikely to have made a difference.

Mr H disagreed and so the complaint's been passed to me to decide.

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 have been good industry practice at the time, I consider it fair and reasonable 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 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 don't consider the £500 payment on 12 June 2023 warranted intervention from Revolut. Revolut's records indicate the account had been set up around a week earlier with the stated purpose being "Transfers and crypto". This was a relatively low value transfer to another account in Mr H's name and wouldn't have appeared unusual in those circumstances.

There were two transactions for £5,000 on 13 June 2023. Revolut did intervene in the first transaction. It declined the transaction, restricted Mr H's account and asked him to verify the source of the funds he was transferring. It was satisfied with his answers and unblocked his account, enabling him to make a fresh payment that same day.

While Revolut did intervene here, by blocking the first transaction, I consider Revolut ought to have recognised that the second £5,000 payment made on 13 June 2023 carried a heightened risk of financial harm from fraud. It was a reasonably large payment and the Revolut account was newly set-up. There had been one previous transaction for £500, on the previous day, to the same payee, but this was a much larger payment.

The payment was to an e-money account in Mr H's name with a platform that provided a range of financial services. The payment was a sterling payment, from one account in Mr H's name to another and so it would not have been clear that the payment was being made in order for Mr H to then use it to buy cryptocurrency.

But, in circumstances where a reasonably large payment was being made on a newly established account, I consider that a proportionate response to that risk would have been for Revolut to provide a written warning that broadly covered general scam risks. This should have covered the most common scams and their features, such as fraudsters impersonating legitimate businesses and asking customers to make payments (e.g. a bank or HMRC). I wouldn't expect it to have covered specific features of different types of scams.

However, I'm not persuaded such a warning would have likely resonated with Mr H. Such a warning wouldn't have contained specific information about the features of the type of scam he was facing, and he says he carried-out research and was satisfied he was dealing with a legitimate business. As such, I consider it unlikely such a warning would have caused Mr H concern or led him to think he was being scammed.

I don't think either payment on 14 June 2023 warranted further intervention, largely due to the amounts involved.

On 19 June 2023 there was a significant increase in the size of the transactions as Mr H made a payment for £10,000. I consider a tailored written warning would have been proportionate at that point, given the size of the payment and that it was part of a series of payments that were generally escalating in value.

Such a warning ought to have asked about the payment purpose. I consider it likely Mr H would have said he was investing or that the payment was for cryptocurrency, since this is how he responded to a similar question on 22 June 2023. I might then have expected further warnings about such things as being contacted about an investment over social media, being asked to download software, the importance of carrying out research and whether the customer had access to their investment, and the like.

When further large payments were made the following day, one for £15,000 and another for £20,500 I consider human intervention, by in-app messaging would have been appropriate and proportionate.

But I don't consider either such intervention, on 19 or 20 June 2023, are likely to have prevented Mr H's loss. I'll explain why.

When Revolut did intervene, on 23 June 2023, the line of questioning was successful in establishing that this was likely a fraud. Mr H was given very clear and explicit warnings. It didn't stop Mr H's payments to the fraudsters though. He made further payments, via a different account. And despite Revolut telling him this was likely to be a scam on 26 June 2023, Mr H says he only realised this was a scam on 26 July 2023, after he had made two more payments. In the circumstances, since Mr H doesn't appear to have believed Revolut's warnings, even when it told him quite clearly and plainly that it thought he was being scammed, I'm not persuaded that any intervention it might have taken would have prevented Mr H from continuing to make payments to the scammers, even if those payments were made via his accounts with other providers.

Mr H says by 19 June 2023 he wanted to withdraw his investment. It appears from the copies of the messages he exchanged with the scammer, copies of which I have on file, that he was persuaded he needed to invest more money before he would be able to withdraw his investment, to "prove his liquidity". The fact that he was prepared to invest more money, despite the fact he actually wanted to withdraw his investment, suggests to me a level of desperation to access his earlier investment. And he doesn't appear to have believed what he was being told by Revolut a few days later, even when it told him quite plainly that it thought he was being scammed. He continued to make payments so as to enable the withdrawal of funds from his investment and says he only realised he was being scammed over a month later. It is possible he might have stopped making payments to the scammers if a human intervention had taken place on 20 June 2023. He might have been prepared to cut his losses, having invested at least £18,000 at that point. But I don't think I can conclude that's more likely than not when he had already been prepared to make one substantial payment to "prove his liquidity", despite actually wanting to withdraw and where he seems to have been taken in by the scammers to the point he didn't believe Revolut when it told him plainly that it thought he was being scammed.

Mr H has clearly been the victim of a very cruel scam and has lost a lot of money. Such scams are designed to be convincing and I can understand how Mr H was taken in. On balance though, while I'm not persuaded Revolut did all it could have done, in terms of intervening when it should have, I don't think further intervention would have prevented Mr H's losses, for the reasons given above.

Recovery

Revolut says it requested a return of Mr H's money from the beneficiary bank account, but it was told by the beneficiary bank, on 27 July 2023, that no money remained in the account. I'm satisfied Revolut took appropriate steps to try and recover Mr H's money.

My final decision

My final decision is that I do not uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 16 April 2025.

Greg Barham
Ombudsman