

## The complaint

Mr K is being represented by solicitors. He's complaining about Revolut Ltd because it declined to refund money he lost as a result of fraud.

## What happened

Sadly, Mr K fell victim to cruel romance and investment scam. Somebody he'd met online and formed what he thought was a genuine romantic connection with encouraged him to make a series of investments. He thought he was paying a company that was trading cryptocurrency on his behalf to generate profit but actually the money was taken by the scammers and he wasn't able to recover it.

Mr K had an account that he'd opened with Revolut in 2021. From that account he made the following payments that were lost to the scam in August 2023:

No	Date	To	Amount £
1	2 Aug	Individual payee	96.16
2	6 Aug	Individual payee	503
3	10 Aug	Individual payee	490
4	10 Aug	Individual payee	10.10
5	17 Aug	Individual payee	255.75
6	17 Aug	Individual payee	56.26
7	17 Aug	Individual payee	200
8	17 Aug	Cryptocurrency provider 1	1,000
9	17 Aug	Cryptocurrency provider 1	1,000
10	17 Aug	Cryptocurrency provider 1	1,000
11	18 Aug	Individual payee	250
12	18 Aug	Individual payee	255.75
13	18 Aug	Individual payee	255.75
14	18 Aug	Individual payee	306.90
15	18 Aug	Individual payee	409.20
16	28 Aug	Individual payee	1,007
17	28 Aug	Cryptocurrency provider 1	1,900
18	28 Aug	Cryptocurrency provider 2	1,500
19	28 Aug	Cryptocurrency provider 2	500
20	28 Aug	Individual payee	204.60

Mr K made a further payment of £1,000 to a third cryptocurrency provider on 31 August but I understand this was returned in full and I haven't considered it here.

Our investigator didn't recommend the complaint be upheld. He felt Revolut should have identified Mr K might be at risk of harm from fraud at payment 10 but concluded any intervention wouldn't have stopped him going ahead with the payments, pointing to his deep connection with the scammer and the fact he answered incorrectly when he was asked about the purpose of the payments he was making.

Mr K didn't accept the investigator's assessment. While noting that many of the payments were to individual payees who were buying and selling cryptocurrency directly on the exchange he was using, the fact he was making a high number of payments to multiple new payees should have alerted Revolut to the fact he might be the victim of a scam. It also pointed to his romantic involvement with the scammer, saying he wasn't trying to deceive anyone when he told Revolut he was paying money to family and friends.

The complaint has now been referred to me for review.

### **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've reached the same overall conclusions as the investigator, and for broadly the same reasons. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

In broad terms, the starting position at law is that Electronic Money Institution such as Revolut is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, '*authorised*' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

In this case, there's no dispute that Mr K authorised the above payments.

There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Revolut also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Revolut acted fairly and reasonably in its dealings with Mr K.

#### *Payments 1 to 7*

Revolut says it was unaware these payments were being used to purchase cryptocurrency and Mr K's representative's most recent comments appear to accept this. One of the key features of a Revolut account is that it facilitates money transfers, sometimes involving large amounts and to overseas accounts. In view of the relatively small amounts involved, I don't think there was anything about payments 1 to 7 that should have prompted Revolut to suspect they could be connected to a scam.

#### *Payments 8 to 10*

By 17 August, Mr K began making payments to a known cryptocurrency provider. While each of the three payments on this date was relatively small, he invested a total of £3,000 on the same day, and I think that by the time of payment 10 Revolut should have begun to have concerns about the possibility of fraudulent activity and intervened before that payment was debited from his account.

Revolut has told us that it showed generic warnings about fraud and scams and asked Mr K to select the purpose of the payment from a list of options provided. While he incorrectly said he was paying family and friends rather than investing, I think Revolut should have identified from the nature and pattern of the payments that he may be at risk of harm from a cryptocurrency investment scam. I've carefully considered the risks associated with the payment and the type of warning that should have been provided and I think a tailored written warning setting out the key features of this type of scam would have been a proportionate response.

I've thought very carefully about the effect a tailored written warning of the type I've described might have had. But, on balance, it's my view Mr K would still have wanted to go ahead with the payments if an appropriate intervention had taken place. I say this for the following reasons:

- The romantic element of this type of scam isn't a common feature of cryptocurrency investment scams and I wouldn't have expected a warning provided by Revolut to cover this possibility. While Mr K might have recognised some aspects of his situation, there were other parts he wouldn't have recognised and it's not clear how firmly any warning would have resonated with him.
- From the comments of his representative and the content of the messages that have been provided, it's clear Mr K believed he had a deep connection with the scammer. In addition to text messages, I understand they spoke a number of times on video call before the scammer introduced him to the idea of investing and their messages show they were planning a future together and talked about the sort of life they could give their children. The scammer also told Mr K about the returns she'd made by investing in the same way and it's clear from the messages that he was very impressed by this.

Overall, I believe the evidence shows Mr K was firmly under the influence of the scammer at this time and I don't think it's likely a written warning of the type I've described would have been sufficient to break that spell and stop him making further payments.

- The messages provided also show Mr K was coached by the scammer on what to say about the payments he was making. In one message, the scammer said:

*My dear, what I need to tell you is that currently the UK does not support cryptocurrencies. You need to contact the merchant to buy the digital currency USDT later. If the merchant asks what your purpose is, you can tell him that you need to transfer the money to a friend. It cannot be said that you are investing.*

I think it was most likely this advice that prompted Mr K to say he was paying friends and family rather than investing when Revolut asked him about the purpose of the payment. In addition to making it harder for Revolut to identify he may be at risk of harm from fraud, I believe the fact he was willing to follow that advice and give answers he knew weren't correct when asked about the payment is further evidence of the degree of influence the scammer had over him at this point.

I want to be clear that I'm not suggesting Mr K is to blame for what happened in any way. He was under the spell of a fraudster who was clearly adept at manipulating victims of what was a sophisticated scam. I can understand why he acted in the way he did. But my role is to consider the actions of Revolut and, having done so, I'm not persuaded these were the cause of his losses.

### *Payments 11 to 20*

For the same reasons outlined above, I don't think the payments to individual payees should particularly have given Revolut any cause for concern. But by the time of payment 19, Revolut should have identified Mr K had paid £3,900 to cryptocurrency providers on the same day. As above, I think a tailored written warning should have been provided at this point but I don't think that would have been successful in stopping the scam for the same reasons.

### *Recovery of funds*

Revolut has said it was unable to recover any of the money Mr K paid in connection with the scam and I've looked at whether it took the steps it should have once it became aware the payments were the result of fraud.

I understand Mr K first notified Revolut of the fraud on 18 September 2023, around three weeks after the last payment on 28 August. It's a common feature of this type of scam that the fraudster will move money very quickly to other accounts once received to frustrate any attempted recovery and I don't think anything that Revolut could have done differently would likely to have led to those payments being recovered successfully after this period of time.

### *In conclusion*

I recognise Mr K has been the victim of a cruel scam and I'm sorry he lost such a large amount of money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I don't think any further intervention by Revolut would have made a difference to the eventual outcome and I won't be telling it to make any refund.

### **My final decision**

My final decision is that 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 February 2025.

James Biles  
**Ombudsman**