

## **The complaint**

Mr C complains that Revolut Ltd didn't do enough to protect him from the financial harm caused by an investment scam, or to help him recover the money once he'd reported the scam to it.

## **What happened**

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr C came across an opportunity to invest in cryptocurrency while on social media. He was contacted by someone I'll refer to as "the scammer" who said he worked for a well-known company, that Mr C would generate a minimum return of 8% per month, and that he could withdraw his profits at any time. He noted there were mixed reviews on Trust Pilot and believed the scammer was registered with the Financial Conduct Authority ("FCA").

The scammer told him to open an account with a trading platform which I'll refer to as "C", and to download AnyDesk remote access software. He also told him to open accounts with Revolut and two cryptocurrency exchange companies which I'll refer to as "B" and "M".

The broker asked him to transfer funds from an account he held with Bank B to Revolut, and from there to purchase cryptocurrency through B and M, before loading it onto an online wallet. Between 6 March 2023 and 17 March 2023, he made 22 successful (three earlier payments were returned) card payments to B and M totalling £69,980 from his Revolut account.

Mr C was satisfied he could make withdrawals from the platform and that he could see his profits on the trading platform. But he realised he'd been scammed when he was prevented from withdrawing his profits.

He complained to Revolut, but it refused to refund any of the money he'd lost. It said it couldn't raise a chargeback request for the card payments because they'd been authenticated via its 3DS security system, and he'd paid genuine merchants who had provided specific services.

Mr C wasn't satisfied and so he complained to this service with the assistance of a representative who explained Mr C had no experience investing in cryptocurrency and the payments were clearly out of character. They said the account was opened at the end of January 2023 and the larger payments didn't start until March, when there was only a small history of low value payments. They said Revolut should have intervened on 6 March 2023 when Mr C made a payment of £4,800 to B because the pattern of spending was concerning, and the payments were being funded by transfers into the account.

The representative explained that if Revolut had questioned Mr C about the payments, he'd have explained he'd discovered the investment on social media and that he was being assisted by a third party who he thought was authorised by the FCA. With this information,

Revolut would have realised he was at risk and advised him to contact the details on the FCA register, which would have uncovered the scam.

Revolut argued that no transactions were made from Revolut to the scam, and concerns should be directed to B and M. It further stated that there was no reason to suspect any issues because the transactions were made for the purpose of moving funds from Mr C's Revolut account to accounts in his own name. And, typically, this type of account is opened and used to facilitate payments to cryptocurrency wallets, and there was no information available that it could have used to determine unusual activity.

It said payments were declined on 13 March 2023 and Mr C was questioned via the in-app chat, in response to which he gave incorrect information. On 16 March 2023, the restrictions were removed on the basis Mr C had confirmed the account purpose and acknowledged the risks. It said he'd failed to disclose the use of AnyDesk or the existence of the third party, which prevented it from providing more effective warnings.

Our investigator didn't think the complaint should be upheld. He explained the transactions Mr C made in January 2023 and February 2023 were credited back to the account, so he hadn't considered them as part of the complaint. And he didn't think the card payments were concerning because the payees were legitimate merchants meaning they wouldn't have flagged as a risk. He noted that Revolut had reached out to Mr C on 13 March 2023, and that he gave false answers which lead to the account being unblocked and communications with the scammer suggested he was coached on what to say.

Our investigator accepted that Revolut could have asked more probing questions when it intervened on 13 March 2023 but given there was evidence that Mr C was being directed by the scammer, he didn't think further questioning would have detected the scam.

Mr C has asked for the complaint to be reviewed by an Ombudsman. His representative has argued that Revolut's intervention wasn't proportionate to the risk and that a better intervention would have made a difference because Mr C had no investment experience and so a false account wouldn't have stood up to questioning. They have suggested that Mr C would have told Revolut he found the investment on social media and that he'd used AnyDesk, so Revolut would have seen there were red flags present and presented proper warnings and scam education.

### **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 conclusion as our investigator. And for largely the same reasons. I'm sorry to hear that Mr C has been the victim of a cruel scam. I know he feels strongly about this complaint, and this will come as a disappointment to him, so I'll explain why.

I've thought about whether Revolut could have done more to recover Mr C's payments when he reported the scam to it. Chargeback is a voluntary scheme run by Visa whereby it will ultimately arbitrate on a dispute between the merchant and customer if it cannot be resolved between them after two 'presentments'. Such arbitration is subject to the rules of the scheme — so there are limited grounds on which a chargeback can succeed. Our role in such cases is not to second-guess Visa's arbitration decision or scheme rules, but to determine whether the regulated card issuer (i.e. Revolut) acted fairly and reasonably when presenting (or choosing not to present) a chargeback on behalf of its cardholder (Mr C).

Mr C's own testimony supports that he used cryptocurrency exchanges to facilitate the transfers to B and M. It's only possible to make a chargeback claim to the merchant that received the disputed payments. It's most likely that the cryptocurrency exchanges would have been able to evidence they'd done what was asked of them. That is, in exchange for Ms C's payments, they converted and sent an amount of cryptocurrency to the wallet address provided. So, any chargeback was destined fail, therefore I'm satisfied that Revolut's decision not to raise a chargeback request against either of the cryptocurrency exchange companies was fair.

I'm satisfied Mr C 'authorised' the payments for the purposes of the of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although he didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of his bank account, Mr C is presumed liable for the loss in the first instance.

There's no dispute that this was a scam, but although Mr C didn't intend his money to go to scammers, he did authorise the disputed payments. Revolut is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

### *Prevention*

At the time of the payments, Revolut was an emoney/money remittance provider and at the time these events took place it wasn't subject to all of the same rules, regulations and best practice that applied to banks and building societies. But it was subject to the FCA's Principles for Businesses and BCOBS 2 and owed a duty of care to protect its customers against the risk of fraud and scams so far as reasonably possible.

I've thought about whether Revolut could have done more to prevent the scam from occurring altogether. Buying cryptocurrency is a legitimate activity and from the evidence I've seen, the payments were made to genuine cryptocurrency exchange companies. However, Revolut ought to fairly and reasonably be alert to fraud and scams and these payments were part of a wider scam, so I need to consider whether it did enough to warn Mr C when he tried to make the payments. If there are unusual or suspicious payments on an account, I'd expect Revolut to intervene with a view to protecting Mr C from financial harm due to fraud.

Revolut intervened on 13 March 2023 when it contacted Mr C via its live chat facility. As part of this intervention, Mr C was asked about the purpose of the payment, whether he'd been contacted by anyone he'd met online who'd told him to open the Revolut account, whether he was under pressure not to miss an investment opportunity, whether he'd been promised returns which were too good to be true and whether he'd done any research. Mr C said he was trying to buy cryptocurrency, he wasn't under pressure, he'd done some research, he hadn't been promised guaranteed returns and he wasn't being encouraged to invest. The account was unblocked on 15 March 2023.

I'm satisfied Mr C was asked relevant questions and that Revolut was prevented from detecting the scam or being in a position to give tailored warnings and scam education because he didn't disclose the existence of the third party or how he met them, or that he'd been encouraged to download AnyDesk.

I've considered the timing of the intervention and I think Revolut ought to have intervened sooner than it did. This is because, by the time Mr C made the fourth payment on 6 March 2023, he'd transferred a total of £11,500 to a high-risk cryptocurrency merchant from a newly opened account, which should have raised concerns. But based on the answers he gave

when it did intervene on 13 March 2023, I don't think an earlier intervention would have made any difference.

Mr C's representative has argued that Mr C should have been asked more questions about the checks he'd done before going ahead with the investment, and but he was asked whether he'd done any research. Critically, I don't think more robust questioning would have uncovered the scam, particularly as he also denied the existence of a third party when questioned by Bank B during the call he had with it on 13 March 2023, and there's evidence he was coached by the scammer on what to say to Revolut before it unblocked the account on 15 March 2023. And there's no reason to think he wouldn't have been coached in the same way had Revolut contacted him on 6 March 2023 or asked more probing questions.

Its clear Mr C had believed the investment was genuine to the extent that he followed the scammer's advice on what to say to Revolut, even after his account had been blocked by Bank B, and so I don't think he'd have listened to any warnings or advice on additional due diligence from Revolut. So, I don't think there's anything else it could reasonably have done to uncover the scam or to prevent his loss.

### *Compensation*

Mr C isn't entitled to any compensation.

### *Recovery*

I don't think there was a realistic prospect of a successful recovery because Mr C paid accounts in his own name and moved the funds onwards from there.

Overall, I'm satisfied Revolut took the correct steps prior to the funds being released – as well as the steps it took after being notified of the potential fraud. I'm sorry to hear Mr C has lost money and the effect this has had on him. But for the reasons I've explained, I don't think Revolut is to blame for this and so I can't fairly tell it to do anything further to resolve this complaint.

### **My final decision**

For the reasons I've outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 4 November 2024.

Carolyn Bonnell  
**Ombudsman**