

The complaint

Mr C complains that Revolut Ltd did not refund a payment of £5,000 he lost to a scam.

What happened

Mr C found an advertisement online for an investment company I'll call 'X' and got in contact with them. He spoke with a broker from X and began investing with them. He transferred £5,000 from his Revolut account to a cryptocurrency account in his name, which he then forwarded to the trading platform. While he made some initial gains on the platform, his broker then began to make trades on his behalf and the losses started to mount. One day, he logged into the investment platform and all of the trades as well as his account were gone. It was at that point he thought he had been the victim of a scam.

Mr C raised a scam claim with Revolut, but they did not have enough information to fully investigate the complaint. Following this, Mr C referred the complaint to our service and our Investigator looked into it. They explained that the payment was picked up for additional checks, and when Mr C selected the payment purpose as 'investment' he was provided with a tailored investment scam warning. They felt that this was a proportionate response to the risk level involved, so did not think Revolut missed a chance to reveal the scam. And they did not recommend a refund in the circumstances.

Mr C's representative disagreed with the outcome. They referred to a number of decisions our service had issued which they felt were similar, in which we recommended refunds. In summary, they did not think the intervention was proportionate and felt Revolut should have asked probing questions.

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'm satisfied that Mr C has been the victim of an investment scam, and I'm sorry he's gone through this experience. This complaint is against Revolut and not the scammer, so I can only consider Revolut's actions and whether they should have done more to protect Mr C's account from financial harm.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Broadly speaking, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account. And a customer will then be responsible for the

transactions that they have authorised.

It's not in dispute here that Mr C authorised the payment in question as he believed it was part of a legitimate investment. So, while I recognise that he didn't intend the money to go to scammers, the starting position in law is that Revolut was obliged to follow Mr C's instruction and process the payment. Because of this, he is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams. So, I've also thought about whether Revolut did enough to try to keep Mr C's account safe.

I can see that Revolut did refer the payment for additional checks and asked Mr C what the purpose of the payment was. He selected 'investment' which tied in with the correct payment purpose. As a result of this, Mr C was shown a warning that set out some of the key features of an investment scam that matched the scenario Mr C had found himself in. This set out consumers may see adverts online offering fake, but convincing, investment opportunities to make easy money. This also set out that investment companies will be registered with the regulator, such as the Financial Conduct Authority ("FCA"). Following this, Mr C was given the option to continue, and he did.

I've considered whether I think this was enough in the circumstances, and I'm aware that Mr C's representatives have referenced a number of cases that our service has upheld which they think are similar. However, it should be noted that each individual case is assessed on its own merit, and can be affected by a number of different circumstances. I have carefully considered the merits of Mr C's case and having done so, I don't think Revolut needed to do more in the circumstances. I'll explain why.

Mr C had recently opened the Revolut account, so there was very little genuine account activity for Revolut to compare the scam payment to. I also have to consider that Revolut is an Electric Money Institute, so customers do not tend to use them in the same way that they would a current account which are for more everyday use. This means it is not unusual to see an increased number of one off, higher value payments go through these accounts. Considering the payment of £5,000 in this context, whilst also considering that the account opening purposes were 'crypto' and 'transfers', I don't think human intervention was needed for this payment.

I do think a warning was needed, which I can see Revolut provided. And I think a number of features of the investment scam matched the warning provided to Mr C. These include finding the investment from an advertisement online, being promised high returns and that investment companies will be registered with the FCA. Had Mr C heeded this warning and looked up X, he would have seen that the FCA had issued a warning about X that they were not registered in the UK and had been targeting people within the UK,

With all of this in mind, I think Revolut provided a proportionate response to the risk level that the payment posed, and they provided a warning which I think was enough to reveal the scam to Mr C and break the spell. So, I do not think it needs to take any further action to remedy this complaint.

As Mr C has said the funds had already been lost from the investment platform by the time he contacted Revolut, I don't think they could have done more to try and recover the funds from the beneficiary account. So, I don't think they missed an opportunity to recover the funds once they were aware of the scam.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 15 October 2024.

Rebecca Norris
Ombudsman