

The complaint

Mr B is being represented by a claims manager. He's complaining about Revolut Ltd because it won't refund money he lost as the result of fraud.

What happened

Sadly, Mr B fell victim to a cruel investment scam. He found what he thought was a genuine investment opportunity on Facebook and was contacted by someone on WhatsApp who spoke to him about the returns he could achieve by investing in cryptocurrency. Starting in March 2023 and after discussions with the scammer, Mr B made the following payments from his Revolut account, which he'd recently opened as part of the scam, to cryptocurrency exchanges:

Date	Amount £	Payment method
7 March	9	Debit card
2 May	9,005	Faster payment
2 May	999.78	Debit card
2 May	500	Faster payment
2 May	40	Faster payment
3 May	15,002	Faster payment
3 May	3,000	Faster payment
30 May	7,000	Faster payment

Mr B realised he'd been scammed when he wasn't able to withdraw money and he reported this to Revolut on 9 June 2023.

Our investigator didn't recommend the complaint be upheld. He noted Revolut had contacted Mr B to question some of the payments he was making and felt it was reasonably entitled to process them based on the answers it received.

Mr B didn't accept this assessment. His representative says he was vulnerable at the time, primarily due to his age. It feels the fact he hadn't invested in cryptocurrency before and was now transferring large sums should have led Revolut to call him about the payments before they were processed. If that had happened, it thinks the scam could have been stopped.

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. 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 an 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 B 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 B.

The payments

One of the key features of a Revolut account is that it facilitates money transfers, often involving large amounts. I'm also conscious this was a new account and there was no history of past activity against which these payments might have looked suspicious.

Based on the circumstances of the first payment in March 2023, particularly the low value, I don't think there were sufficient grounds for Revolut to suspect Mr B was at risk of financial harm from fraud when he made the payment. So, I can't say it was at fault for processing it in line with his instruction.

But by the time of the second payment on 2 May, having considered what Revolut knew at the time it received the payment instruction, I'm persuaded it ought to have been concerned about the associated risk of fraud.

Revolut knew or ought to have known this payment was going to a cryptocurrency provider. Losses to cryptocurrency fraud reached record levels in 2022 and, by the end of that year, many high street banks had placed restrictions or additional friction on cryptocurrency purchases owing to the elevated fraud risk. So, by the time the second payment took place, I think Revolut should have recognised that payments to cryptocurrency carried a higher risk of being associated with fraud. In addition, Mr B was transferring a large sum and, aside from a single previous payment of just £9, had no previous track record of purchasing cryptocurrency.

In view of the identifiable risks attached to the payment, I think some sort of intervention should have been carried out before processing it and Revolut's actions indicate it agrees. It's provided evidence showing it contacted Mr B using its online chat function about the second payment on 2 May. The contact started with the following message:

I am contacting you urgently today because I believe it is highly likely that the transactions you are attempting to make are part of a SCAM. We've recently spoken with another customer who attempted very similar transactions to yours - they confirmed it was a scam. I want to keep your funds safe and secure so please do assist me with this review of your activity.

In the ensuing chat, I would have expected Revolut to ask about the reason for the payment and how it came about. The sort of questions I'd have expected it to ask include the purpose of the payment, how Mr B found out about the investment opportunity, if he'd been approached out of the blue, if there was a third party or broker helping him, and whether he'd been asked to download any screen sharing software such as AnyDesk or TeamViewer.

These key questions were covered but, unfortunately, Mr B didn't answer them accurately. For example, he said he was investing following a recommendation from a family member, that he'd held an account with the cryptocurrency exchange for a long time, and that he wasn't being encouraged by someone he hadn't met or had only met online recently.

I think it's relevant to note that Revolut didn't provide any context to explain why it was asking these questions. In the circumstances, I think it would have been appropriate to provide a warning that outlined the key features of common investment scams in a way that might have resonated with Mr B if his circumstances were similar. But in view of the information it was given, I don't think it could reasonably be expected to do any more than that.

I have considered whether a more robust intervention on 2 May, including a warning of the type I've described, would have made a difference to the final outcome and, on balance, I don't think it would have.

The money Mr B used to purchase cryptocurrency was originally transferred to Revolut from his bank and our investigator contacted his bank for further information, including call recordings from its interactions with him. The bank's records show it spoke to Mr B by phone about money he was transferring to Revolut on at least five separate occasions between 1 and 30 May. As its agents explained to him on more than one of the calls, it was a common pattern for scammers to use Revolut to facilitate their activities.

In view of the amounts of money Mr B was transferring, I would have expected his bank to ask about why he was making the payments before processing them and it did that. During the calls, Mr B consistently answered inaccurately, saying he was transferring the money to pay for works to his home. He said he was using Revolut because he was making payments in a foreign currency and it offered better exchange rates. When the bank's agent specifically pointed out this was an unusual way to go about things and asked if this was the full story, Mr B insisted it was correct. As with the Revolut online chats, Mr B also told his bank that nobody had told him to make the payment or promised him unrealistic investment returns if he did so.

In its initial letter of complaint, Mr B's representative explained that he was impressed by the scammer, who seemed knowledgeable and professional and was attentive to his needs. And also, that he was convinced by the company's website and online portal that allowed clients to monitor their investments. In spite of the warnings he did receive from his bank and Revolut, it seems Mr B had convinced himself the investment was genuine and that he was willing to say whatever he thought was necessary to make sure the payments went through. In those circumstances, I don't think it's likely that any other action Revolut could reasonably have been expected to take would have stopped the scam at this point.

Revolut also asked for further information from Mr B prior to making later payments, but I can't see that it interrogated the reasons for them in the same way. I do think it should have done more before processing these payments, including further use of its online chat to question Mr B and educate him about common types of scams involving investment in cryptocurrency. But if it had done so, I think the available evidence suggests he still wouldn't have provided answers that allowed it to identify he was probably being scammed or provide any more detailed warnings than it could have given on 2 May.

I want to be clear that it's not my intention to suggest Mr B is to blame for what happened in any way. He fell victim to a sophisticated scam that was carefully designed to deceive and manipulate its victims. 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.

Recovery of funds

I've also looked at whether Revolut took the steps it should have once it was aware that the payments were the result of fraud.

I understand Mr B transferred the funds to legitimate cryptocurrency exchanges in his name. From there, he purchased cryptocurrency and moved it onto a wallet address of his choosing (albeit on the scammers' instructions). If Revolut tried to recover the funds, it could only have tried to do so from Mr B's own account and it appears the money had already been moved on and, if not, anything that was left would still have been available to him to access. So I don't think anything Revolut could have done differently would have led to these payments being successfully recovered.

I note Revolut says it did attempt a chargeback in relation to each of the two debit card payments, but this was unsuccessful.

In conclusion

I recognise Mr B 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 and leaves him in a difficult position. 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 B to accept or reject my decision before 2 January 2025.

James Biles
Ombudsman