

## The complaint

Mr M complains that Revolut Ltd won't refund the money he lost when he was the victim of a scam.

## What happened

In May 2023, Mr M was added to an instant messaging group chat about cryptocurrency investment. He was interested in earning some additional income, so asked the group for advice and was told to contact one of the group chat's administrators who would act as his broker.

The broker told him to set up an account with a cryptocurrency exchange, and then guided him through purchasing cryptocurrency and using it to fund his investment. And Mr M made a number of payments from an account he held with another bank to purchase cryptocurrency, and then sent it on to wallet details the broker gave him.

He was given access to a trading platform where he could see his investment and the profit it showed he was making. And as he appeared to be making a good profit and the broker encouraged him to invest more, Mr M continued making payments towards the investment from both his account with the other bank and his account with Revolut.

I've set out the payments Mr M made from his Revolut account below:

Date	Details	Amount
10 July 2023	To 1 <sup>st</sup> cryptocurrency exchange	£50
10 July 2023	To 1 <sup>st</sup> cryptocurrency exchange	£4,150
15 July 2023	To 1 <sup>st</sup> cryptocurrency exchange	£1,100
4 August 2023	To 1 <sup>st</sup> cryptocurrency exchange	£20
6 August 2023	To 1 <sup>st</sup> payee	£30
9 August 2023	To 2 <sup>nd</sup> payee	£100
9 August 2023	To 1 <sup>st</sup> cryptocurrency exchange	£5,000
9 August 2023	To 1 <sup>st</sup> cryptocurrency exchange	£5,000
9 August 2023	To 1 <sup>st</sup> cryptocurrency exchange	£5,000
9 August 2023	To 1 <sup>st</sup> cryptocurrency exchange	£5,000
9 August 2023	To 1 <sup>st</sup> cryptocurrency exchange	£1,500
10 August 2023	To 2 <sup>nd</sup> cryptocurrency exchange	£100
10 August 2023	To 3 <sup>rd</sup> payee	£1,500
10 August 2023	To 4 <sup>th</sup> payee	£2,500
10 August 2023	To 5 <sup>th</sup> payee	£3,000
10 August 2023	To 6 <sup>th</sup> payee	£3,200
10 August 2023	To 2 <sup>nd</sup> cryptocurrency exchange	£1,000
10 August 2023	To 2 <sup>nd</sup> cryptocurrency exchange	£2,900

Unfortunately, we now know the investment was a scam. The scam was uncovered after Mr M was told he needed to make a number of additional payments in order to withdraw the profits the platform showed he had made. Mr M then became sceptical and tried to contact

other people in the group chat. And, when he couldn't contact anyone and the broker stopped responding to him, he realised he had been the victim of a scam.

Revolut investigated but said it wasn't at fault for processing the payments Mr M authorised and had warned him about scams and shown him sufficient scam warnings. So it didn't agree to refund the money he had lost. Mr M wasn't satisfied with Revolut's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They didn't think anything we would reasonably have expected Revolut to have done would have uncovered the scam or stopped Mr M losing the money he did. So they didn't think Revolut should have to refund the payments Mr M made. Mr M disagreed with our investigator, so the complaint has been passed to me.

### **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.

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 from July 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);
- 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.

But, even if Revolut had recognised that Mr M was at heightened risk of financial harm from fraud when making some of these payments, I don't think the action I would have expected it to take would have prevented his loss. I'll explain why below.

Revolut intervened on a number of the payments Mr M made, and showed him several warnings before allowing the payments to go through. These included warnings that its system had identified the payment Mr M was making as highly unusual and that it might be a scam, that victims lose millions to scams every year so he should take care and do research

before making a payment, and that fraudsters can make calls, emails and adverts seem legitimate.

For several of the payments he made, Revolut asked Mr M to select the purpose of the payment from a list of options. But despite being given the option to select 'investment', which appears to most closely match what Mr M thought he was doing, he selected 'something else' every time he was asked.

From what I've seen of his communication with the broker, Mr M appears to have been telling the broker what was happening at every step of the process and then following their instructions on what to do or say. When a payment is stopped, he tells the broker who then tells him to call his bank to lift the restrictions on his account. And when a cryptocurrency exchange asks him questions about a transaction, he sends the broker a screenshot of what he is asked and then follows their instructions on how to answer.

I've also seen evidence of communication Mr M had with another bank during the time he was making these payments. This other bank asks him why he is making a payment, and Mr M says it is for some building work he's having done on his house. He says not much of the work has been done so far, and he's just organising his money. The other bank then gives Mr M a series of warnings, including that scammers may say they have some kind of investment or money-making scheme you can take part in and may tell him what to say to his bank or to not discuss certain things. But Mr M replies that no-one has done that here and that he wants to continue with the payment.

So, based on the evidence I've seen, even if Revolut had asked more open-ended or probing questions before allowing the payments to go through here, I think Mr M would likely not have given it accurate or complete information about the purpose of the payments or the circumstances surrounding them – as happened with the questions he was asked by Revolut, the other bank and the cryptocurrency exchange. And so I don't think Revolut would have had significant concerns following its questions and I don't think any warning I would have expected it to show following those questions would have stopped Mr M from making the payments or losing the money he did.

I appreciate that Mr M has been the victim of a cruel scam and that my decision will come as a disappointment to him. He has lost a significant amount of money and I sympathise with the position he has found himself in. But I can only look at Revolut's responsibilities and, for the reasons I've set out above, I don't think anything I would reasonably have expected Revolut to have done would have prevented the loss he suffered. And so I don't think it would be fair to require Revolut to refund the money Mr M has lost.

We also expect firms to take reasonable steps to try to recover any money their customers have lost as a result of a scam, including making use of any available chargeback scheme. But as the payments here all appear to have been made to purchase cryptocurrency, and Mr M appears to have received the cryptocurrency before sending it on to the investment, I don't think any chargeback claim would likely be successful. So I don't think anything I would have expected Revolut to have done would have led to any more of Mr M's money being recovered.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 14 November 2024.

Alan Millward  
**Ombudsman**