

The complaint

Mr S complains Revolut Ltd won't refund the money he lost to a scam.

What happened

In mid-2022, Mr S was researching investment opportunities when he saw an advert for a company I'll refer to as V, seemingly promoted by a well-known media personality. Mr S responded and was contacted by a representative for V. He says they seemed knowledgeable and professional, and their website looked convincing, so he decided to invest. Unfortunately, V were operating a scam.

Mr S says he initially invested £250 (paid from another account). That appeared to perform well, so he agreed to invest more. V guided him to set up an account with Revolut in August 2022, in order to make payments to the trading platform via cryptocurrency wallets (which again I understand he was prompted to set up). Mr S was able to withdraw around £480 from the platform in August 2022. V said he would increase his profits if he invested more, so he made further payments towards the alleged investment in September 2022.

By around October 2022, Mr S wanted to make a withdrawal from the platform. I understand the payments he made from this point on were for fees and taxes (or similar) which Mr S was told he needed to pay to access his funds. One of these payments (for £10,335) was returned by the recipient, a cryptocurrency exchange. V told Mr S payments over £5,000 might trigger Revolut's security system, so he should process the payments in smaller amounts.

Around April 2023, having paid a substantial amount to access his funds, Mr S says he refused to make any further payments. V then blocked his trading account and he realised he had been scammed. He complained to Revolut (via a representative) that it should have recognised he was at risk of fraud – and says if it had warned him, he wouldn't have incurred these losses (totalling around £80,000).

When Revolut didn't agree to refund Mr S, he referred the matter to our service. Our investigator didn't uphold the complaint. She thought there were points at which Revolut should have enquired further with Mr S about what he was doing, and/or issued warnings to him about the potential scam risk associated with the payments. Such as when Mr S gave the payment reason as "paying a safe account" (on the first payment he made), and when he sent significant funds to the cryptocurrency exchange he used. But she wasn't persuaded that this would have prevented Mr S's loss.

The investigator found Mr S was being advised by the scammers on how to avoid security checks. And he also confronted V about information he found deeming them a scam – but was persuaded to keep making further payments. Mr S said he had questioned V, but they had provided plausible responses. Given this, the investigator wasn't persuaded that further intervention by Revolut would have dissuaded him from proceeding.

Mr S's representative has asked for the matter to be referred for a decision. It said Revolut shouldn't have permitted the payment Mr S said was to a "safe account" to have proceeded,

as that could never be a legitimate payment reason. It says Revolut's fraud prevention systems were inadequate.

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 decided not to uphold it for the following reasons:

- It isn't in dispute that Mr S authorised the transactions in question. He is therefore presumed liable for the loss in the first instance. However, as Revolut is aware, taking longstanding regulatory expectations and requirements into account, and what I consider to be good industry practice at the time, it should have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.
- It seems Revolut identified that the very first scam payment (of £100 in August 2022) posed a scam risk. As the investigator set out, and as hasn't been disputed since, it appears it asked Mr S the purpose of the payment – and that he selected it was a "transfer to a safe account". I understand Mr S's representatives point that Revolut should have been concerned about this response, as it matches a common scam – whereby consumers are told their account is at risk, so they have to move their funds on to a "safe account", but they are actually being tricked into sending funds to the scammer.
- I think Revolut should therefore have spoken to Mr S about what he was doing. But I think it would have been apparent he wasn't falling victim to a safe account scam. So, while I agree Revolut should have looked into the situation further, I'm not persuaded that would have resulted in it declining the payment.
- Revolut should still have questioned Mr S about what he was doing, through the course of checking he wasn't falling victim to a safe account scam. I also think there were other points at which it should have done more. As Revolut was aware, cryptocurrency-based investment scams were prevalent at the time of these payments. Looking at the amounts Mr S was sending to cryptocurrency exchanges, and the pattern of those payments, I think there were further instances when Revolut should have taken further action to assess, and warn Mr S, about the risk he might be falling victim to a cryptocurrency investment scam.
- I've considered whether this would have prevented Mr S's loss. From what I've seen, it appears he was in close contact with V when making the payments and was being guided on what to do. He has already told us he was advised to make lower payments in order to try to avoid payments being blocked, for example. That suggests he may similarly have reverted to V for guidance if Revolut had asked him about what he was doing – and have been guided to respond in a way that made the scam risk less obvious.
- Regardless, Revolut could still have warned Mr S about the common features of cryptocurrency scams. I've considered whether that would have made Mr S realise V were not legitimate – and prevented the losses he incurred.
- On balance, I'm not persuaded it's likely this would have succeeded. That is because, even when Mr S had seen external information branding V a scam, he continued to deal with them and to make further payments. I appreciate he says he put questions to the scammers about what he saw, and they had plausible responses. I think it's likely they would similarly have been able to persuade him they were legitimate if he had been prompted to question them in response to warnings from Revolut.

- Overall, given that V were able to convince him they were legitimate and to continue making payments after having seen numerous reviews deeming them a scam, I'm not persuaded a warning from Revolut would have been effective in dissuading Mr S from proceeding.
- I can only ask Revolut to reimburse Mr S if I find that any wrongdoing on its part caused his loss. That concept is one his representative should be very familiar with. But what it has submitted hasn't persuaded me that better intervention would have resulted in Mr S acting differently in the circumstances.
- I'm not persuaded there were any prospects of Revolut successfully recovering the funds, given the money was used to purchase cryptocurrency from legitimate providers.

My final decision

For the reasons given above, 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 S to accept or reject my decision before 17 February 2025.

Rachel Loughlin
Ombudsman