

The complaint

Mr B complains that Revolut Ltd did not refund a series of transactions he lost to a scam.

What happened

Mr B says he found an online platform offering cryptocurrency investments. He spoke with an individual who helped him make trades and he made the following payments from his Revolut account

Date	Amount (£)
23/06/2023	100.70
23/06/2023	104.36 (<i>credit</i>)
28/06/2023	503.50
03/07/2023	1,048.41
05/07/2023	2,110
08/07/2023	1,250
16/07/2023	11,650
31/07/2023	2,404.05

Mr B says he was told he had to pay taxes in order to withdraw his funds, and at that point he felt he had been the victim of a scam. He raised a scam claim with Revolut who explained they had provided warnings to Mr B about the payments, but he chose to proceed with them. As they did not think they were at fault for processing payments that Mr B authorised, they did not agree to reimburse him.

Mr B referred the complaint to our service and our Investigator looked into them. They felt the payment of £11,650 should have been intercepted for additional checks due to its high value. They saw that the final payment had been stopped for additional checks and that Mr B had not been honest in his answers with Revolut. They therefore thought it was unlikely intervention on the earlier payment would have meaningfully revealed the scam and they did not recommend reimbursement.

Mr B's representative disagreed with the outcome. In summary, they felt Revolut should have asked probing questions and not accepted Mr B's answers on face value. They felt it was obvious Mr B was purchasing cryptocurrency and that Revolut should have seen his answers were vague, so they thought Revolut had missed an opportunity to reveal the scam.

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 B 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 their actions and whether they did enough to protect Mr B'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 B authorised the payments in question as he believed they were 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 B's instruction and process the payments. 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 B's account safe.

Having reviewed Mr B's statements, I think the payment of £11,650 on 16 July should have flagged as suspicious in Revolut's systems. This was a relatively large payment, though I do note this was a new account so there was no genuine account activity for Revolut to compare the scam payments to. With this in mind, I think Revolut should at least have provided a tailored scam warning to Mr B for the payment, though it could be argued a staff intervention was warranted as there had been other payments to the same payee in the week prior to this one. I've gone on to consider whether an intervention would have made a difference and stopped the payment from being processed.

It isn't possible for me to know exactly what would have happened if Revolut had intervened in the £11,650 payment and either provided a tailored warning or referred it to the in-app chat. In order to determine what I think is more likely in the circumstances I've considered all of the evidence available to me. This includes an intervention Revolut carried out on the final payment, Mr B's testimony and Mr B's interactions with another bank involved in the payment journey of the scam.

When Revolut referred the final payment for further checks, and asked Mr B questions via the in-app chat, I can see he did not reveal the true purpose of the payment. Instead, Mr B indicated that he was purchasing goods from a seller online. When Mr B was asked what he was buying, he repeated that he was buying goods online and did not go into more detail.

On balance, I don't think Revolut carried out a detailed intervention on this payment, and I think they could have asked more probing questions about what Mr B was purchasing. But on balance, I don't think a better intervention would have revealed the scam in the circumstances. I can see Mr B also raised a scam claim with a third-party bank he held an account about payments made towards the scam. In the claim, he said the scammer advised him to say he was purchasing goods, and not to disclose that he was purchasing cryptocurrency. With this in mind, I don't think Mr B would have revealed he was purchasing

cryptocurrency for an investment, so I don't think Revolut could have seen he was the victim of an investment scam at the time.

It should be noted that Mr B also misled his other bank as the scammer instructed him, and said he was making investments in foreign exchange, and did not reveal he was instead investing in cryptocurrency. Having reviewed the payees Mr B sent the payment to, I don't think it would have been clear that he was purchasing cryptocurrency at the time, as the payees did not appear to be linked to cryptocurrency in general. So, I don't think Revolut could reasonably have known Mr B was purchasing cryptocurrency.

Based on the evidence available to me, I think Mr B would have continued not to tell Revolut about the true purpose of the payments, in order to avoid their fraud detections system and ensure the payments went through. On balance, I think he was deep under the spell of the scammer and willing to follow their instructions to send the payments, so I don't think he would have given enough detail about the investment for them to identify he was the victim of a scam at the time. So, I don't think Revolut missed an opportunity to meaningfully reveal the scam, and I don't think they need to reimburse him in the circumstances.

As Mr B purchased cryptocurrency that he sent to his own wallet, before sending it onto the scammer's platform, it was not possible for Revolut to recover the funds once they were aware of the scam. So, I don't think they could have done more to help Mr B recover the funds in the circumstances.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 18 October 2024.

Rebecca Norris
Ombudsman