

The complaint

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

What happened

Mr M was looking for ways to invest his money and found an advertisement for a company I'll call 'X' who unfortunately turned out to be a scam company. He spoke with a broker at X and was told he could receive returns of 30% if he invested in cryptocurrency. He was told to download a device sharing software and he did so, meaning X could help him open a crypto wallet and an account with Revolut.

Mr M made an initial payment with a third party-bank before starting to make payments towards the investment from his Revolut account. From 23 February to 28 June 2023, Mr M made payments to his cryptocurrency wallet from his Revolut account totalling approximately £174,000. He then moved the funds to the investment platform with X, which he could see his returns on. Towards the middle of June, Mr M started having doubts about the company and asked X to give him proof they were legitimate. On 29 June 2023, Mr M raised a scam claim with Revolut and asked them to help him get his money back.

Revolut explained they could not raise a chargeback claim, as Mr M had received a legitimate service from the merchant that he made the payments to from his Revolut account, so there were no grounds for a chargeback. Because of this they did not reimburse him with the lost funds.

Mr M referred the complaint to our service and our Investigator looked into it. They initially upheld the complaint, as they felt Revolut should have referred the third payment for additional checks. This is because it appeared to be unusual and was identifiably going to cryptocurrency, and they saw no reason why a tailored cryptocurrency warning would not have revealed the scam to Mr M and prevented further payments.

Mr M agreed with the outcome however Revolut did not. The Investigator gathered more information from the third-party bank that Mr M made the initial payment to the scam from and funded his Revolut account from. In doing so, they received a telephone call recording from 23 February 2023 of Mr M with the third-party bank as he attempted to make a payment to his Revolut account for £9,000. Mr M was open and honest about the payment and what it was for, which led the call handler to block the payment and warn Mr M he was most likely the victim of an investment scam, and not to make further payments towards it.

Following this, the Investigator explained they did not think intervention from Revolut in any of the payments would have meaningfully broken the spell for Mr M and stopped him from going on to make further payments. So, they did not recommend that Revolut reimburse Mr M.

Mr M's representatives did not agree with the outcome. They felt Mr M was honest with the third-party bank about the purpose of the payment, so he most likely would have been honest with Revolut as well. So, they thought Revolut should have intervened and if they had, the scam would have been stopped as they would have blocked all payments to the

crypto wallet.

As an informal agreement could not be reached, the complaint has been passed to me for a 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 M has been the victim of a cryptocurrency investment scam and I'm sorry he's gone through this experience. As this complaint is about Revolut and not X, I can only consider their action in this decision.

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 M 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 M'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 M's account safe.

The Revolut account was opened specifically to fund this scam, so there was no genuine account activity for Revolut to compare the scam payments to. However, the volume and value of the transactions increased over time, to the point that the pattern matched what you would expect from a scam. In addition to this, the payments were identifiably going to cryptocurrency, which Revolut should reasonably have been aware at the time carried an increased level of risk. So, I do think Revolut should have intervened in the payments relatively early on in the scam, however I can see they did not. I've gone on to consider whether intervention would have made a difference in the circumstances.

In doing so, I have considered what other interventions Mr M had in the payment journey. I can see that a payment of £9,000 from a third-party account in his name was stopped by the facilitating bank for additional checks prior to it being processed on 23 February 2023. And I've reviewed what was discussed in this call.

In this call, Mr M let the call handler know the scammer had remotely accessed his device, that his wife had asked him not to make the payment and that the scammer had asked him to lie about the purpose of the payment, amongst other things. In response to this, the call handler voiced their concerns that Mr M could be the victim of an investment scam and that

if Mr M deposited any more money into it, he would not be able to withdraw his funds. They refused to facilitate the payment and also advised Mr M not to make any more payments via other means as it was highly likely to be an investment scam.

Following this, Mr M began making payments from his Revolut account towards the investment. Despite receiving a clear warning that he was likely the victim of a scam, and that the consequence of that would mean his funds would be inaccessible. Having reviewed this earlier intervention, I think it's more likely Mr M would have been open and honest with Revolut about the purpose of the payment, and I think it's therefore more likely that scam would have been meaningfully revealed by Revolut.

However, it is difficult for me to agree that Mr M would not have continued to make the payments regardless via any means necessary, even if Revolut had blocked him from making any further payments from his Revolut account. Which is what he did following the earlier intervention when he was prevented from using his third-party bank account to fund the scam and so began using his Revolut account instead. From what I have seen, Mr M was given a clear warning from his third-party bank not to make any more payments to Revolut or to the scam, but he went on to do so the same day.

In addition to this, I think Mr M has acted negligently when he continued to make payments following a clear warning from his third-party bank, prior to making the payments from Revolut. And I don't think Revolut should be held liable for the loss in this instance. So, I do not recommend that it reimburse the losses Mr M incurred.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 16 October 2024.

Rebecca Norris
Ombudsman