

The complaint

Mr B complains that Revolut Ltd ('Revolut') won't refund the money he lost after falling victim to a scam.

What happened

In May 2023, Mr B was looking to invest and found an advertisement on social media. Two celebrities were recommending a platform with a company I'll refer to as D.

Mr B clicked on a link and was taken to D's website. Mr B says the website looked professional and showed live market prices and other trading information. The investment involved cryptocurrency trading, and someone would make trades on Mr B's behalf.

Mr B was told to open an account with Revolut, a cryptocurrency wallet with a specific exchange and a trading account with D. Mr B was also persuaded to download a screen sharing app.

Mr B made an initial payment, which appeared in his trading account with D. Mr B watched his balance with D increase and decided to invest further.

When Mr B asked to withdraw funds from his investment, he was told that he needed to pay fees. This included fees in relation to tax and a payment to prove liquidity of his account. After Mr B made his last payment, all communication with the scammer stopped and Mr B realised he'd been the victim of a scam.

These are the payments that Mr B made from his Revolut account.

Date	Details of the transactions	Amount
22.5.2023	Account opened	
25.5.2023	Card payment to cryptocurrency exchange	£1,500
29.5.2023	Funds transfer to D – an individual	£7,900
6.6.2023	Funds transfer to B – an individual	£19,500
13.6.2023	Funds transfer to D2 – an individual	£6,000
13.6.2023	Funds transfer to D2 – an individual	£8,500
15.6.2023	Funds transfer to F – an individual	£9,900

In order to fund these payments, Mr B used his savings and took out four separate loans.

Mr B raised a fraud claim with Revolut in July 2023, through a professional representative.

Revolut declined to refund Mr B, so he brought a complaint to our service.

An investigator looked into Mr B's complaint and didn't uphold it, saying Mr B hadn't provided evidence that the payments were made as a result of a scam. The investigator explained the type of evidence we would need to see.

In response, Mr B provided new evidence including a transcript of his communication with the scammer.

The investigator reconsidered Mr B's complaint in light of the new evidence and was satisfied that Mr B had made the payments as the result of a scam. But, the investigator didn't recommend that Revolut refund Mr B, as they weren't satisfied that further intervention by Revolut would've broken the spell the scammer had Mr B under, so the loss wouldn't have been prevented.

Mr B didn't accept the investigator's recommendation and asked for an ombudsman to review his complaint.

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.

Here it's not in dispute that the payments were authorised, so the starting position is that Revolut isn't liable for the transactions.

There are, however, some situations where we believe that businesses, taking into account relevant rules, codes and best practice standards, shouldn't have taken their 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 interest of its customers and to follow good industry practice to keep customer's 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.

I'd like to assure Mr B and Revolut that I've reviewed the complaint really carefully in light of all of this. I'm really sorry to disappoint Mr B, but in this case, I'm not satisfied I can fairly ask Revolut to refund him.

I recognise that Mr B made the payments as a result of fraud and I'm really sorry he lost this money. But having looked into what happened, I don't think Revolut should reasonably have been expected to prevent this.

Intervention

Revolut intervened on 25 May 2023, when Mr B attempted to make a payment of £6,000 which was declined. They also intervened on 29 May 2023, when he was making the payment of £7,900. Both of these interventions involved Revolut asking Mr B a number of questions through their in-app chat, to identify if Mr B was at risk of financial harm.

I'm aware that this was a new account, so Revolut didn't have any previous transaction activity to compare these payments with. But, I think they should've also intervened when

Mr B made the payment of £19,500, based on the size of the payment. I think this intervention should've involved Revolut asking Mr B questions through the in-app chat.

Why I'm not satisfied that Revolut could've prevented Mr B's loss

When Revolut discussed the payments with Mr B through the in-app chat, they asked a number of questions.

These are some of the questions they asked Mr B, with Mr B's answers in italics.

- Have you recently downloaded any screen sharing application eg AnyDesk? *No*
- Were you advised to create a Revolut account after learning about an investment opportunity advertised on social media? *I heard about Revolut via social media*
- How did you decide which cryptocurrency platform to use? *Internet research social media*
- How long have you been investing in cryptocurrency? *Couple of months*

Revolut were concerned with Mr B's answers and said "I can see you heard about Revolut via social media. Please be cautious when responding to investment advertisements on social media. These ads are often associated with fraudulent schemes, targeting individuals with enticing offers that promise high returns. Before engaging with any investment opportunity, verify its legitimacy and seek professional advice if necessary."

Revolut then asked some follow up questions including:

- Can you share the name of the website or company that was advertised to you? *I search Revolut in Google*
- Was the advertisement endorsed by any well known financial advisers such as M [name omitted]? *No*

Revolut went on to say "This is a common tactic used to trick people into transferring them money. If you do not know this person very well, you should not be taking their investment advice. Scammers will be very persuasive and try to convince you to act quickly on an investment opportunity. Please ignore any further contact from individuals pressuring you to invest your money and perform further research before investing."

These questions were asked over several different in-app chat sessions and Mr B was clearly getting frustrated towards the end of the chat, with being asked what he considered to be repeated questions.

Mr B told Revolut "I have investing experience already for 10 years in stocks, now I have decided to try crypto investment as well".

A number of the questions Revolut asked were designed to draw out the tell-tale signs of a cryptocurrency investment scam, but Mr B didn't answer the questions honestly. Also, the warnings that Revolut gave, should've resonated with Mr B, as they matched the circumstances under which he had found the investment.

Even if I was satisfied that Revolut should've intervened and asked further questions of Mr B, I'm not satisfied that it would've uncovered the scam or prevented his loss.

The evidence Mr B has provided of his communication with the scammer, shows that Mr B was copying and pasting Revolut's questions into their chat, and then copying and pasting what the scammer said in response to the questions asked. Mr B even said to the scammer

“Revolut has warned me.. Ok – if you are scamming me it certainly is a complex one!... Of course I am nervous but I have all my trust in you”.

Based on this, I’m satisfied that Mr B was so under the spell of the scammer, that better intervention or warnings by Revolut wouldn’t have uncovered the scam.

On that basis, I can’t fairly hold Revolut liable for Mr B’s loss or ask Revolut to refund him.

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.

A chargeback wouldn’t be successful for the first payment Mr B made to his cryptocurrency wallet, as he received the funds into an account he controlled.

Revolut tried to recover the payments made to individual payees, but as their accounts are held with a money institution outside of the UK, they are reliant on the receiving bank returning any recoverable funds. Unfortunately, no funds have been returned.

So, I’m satisfied that Revolut have taken appropriate steps to try and recover Mr B’s money.

Conclusion

I’m really sorry that Mr B has lost a significant amount of money, most of which was borrowed and has left him in financial difficulties. But, having carefully considered everything, I’m not satisfied that I can fairly ask Revolut to refund him.

My final decision

My final decision is that I don’t uphold this 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 1 January 2025.

Lisa Lowe
Ombudsman