

The complaint

Miss L complains that Revolut Ltd won't refund money she lost when she fell victim to a cryptocurrency investment scam.

What happened

The detailed background to this complaint is well known to both parties and has also been set out previously by the investigator. The facts about what happened aren't in dispute, so I'll focus on giving my reasons for my decision.

The complaint concerns several debit card transactions totalling just under £7,000 which Miss L made over a period of a week in July 2023. These were made in connection with an investment opportunity she came across on a social media platform. Miss L subsequently discovered that she'd fallen victim to a scam.

Miss L transferred the funds into her Revolut account from her account with another bank, before sending them on to several cryptocurrency exchanges for conversion into cryptocurrency. Once converted, the cryptocurrency was sent on to cryptocurrency wallets as instructed by the scammer.

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.

But, taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to be good industry practice at the time, I consider it fair and reasonable in 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 including in relation to card payments),

- 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.

EMIs are set up with the purpose of sending and receiving money and the type of payments they're generally used for tends to be somewhat different to banks and building societies. Often, the payments will be for larger sums. Where there's limited account history, as was the case here, what should reasonably strike Revolut as concerning for a first payment isn't down solely to the transaction amount involved.

I haven't seen any other factors at play here such that, in my view, Revolut should have been concerned and ought to have questioned Miss L when she authorised the first disputed transaction of £300. In fact, I don't consider any of the individual transactions in dispute – which ranged between £25 and £1,650 – to be *that* unusual such that I think Revolut ought to have had cause for concern.

I acknowledge that the transactions were cryptocurrency related. But that in and of itself doesn't mean that they ought to have flagged as suspicious. Buying cryptocurrency is a legitimate exercise. I understand Miss L's point that she made several small value transactions in one day. But the transactions were spread across the whole day, often with a gap of several hours between them. I also note that different cryptocurrency exchanges were being used. While I've noted Miss L's explanation for why that happened, to a payment service provider it *could* also appear to be their customer shopping around for competitive rates.

Overall, having thought about this carefully, I don't consider Revolut acted unfairly in executing the payment instructions it received from Miss L. It follows that I don't find it liable for her financial loss.

I've also thought about whether Revolut could have done more to recover the funds once it became aware of the situation, as in some circumstances the money can be recovered. These were debit card payments, so the recovery avenue would have been limited to chargeback. But Miss L's payments went to a cryptocurrency exchange. She wouldn't be able to make a successful chargeback claim in the circumstances because the merchant she paid did provide the service requested (i.e., conversion of fiat money into cryptocurrency). So, I don't think Revolut was under any obligation to raise a chargeback dispute for Miss L.

In summary, I know that Miss L will be disappointed with this outcome. Not least because the matter has been ongoing for some time. I fully acknowledge that there's a considerable amount of money involved here. Despite my natural sympathy for the situation in which she finds herself, for the reasons given, it wouldn't be fair of me to hold Revolut responsible for her loss.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 16 July 2024.

Gagandeep Singh
Ombudsman

