

## **The complaint**

Mr F complains that Revolut Ltd won't refund money he lost when he fell victim to an investment scam.

Mr F is being represented by a claims management company in this complaint.

## **What happened**

The detailed background to this complaint is well known to both parties and has been previously set out by the investigator in their assessment. So, I won't repeat it again here. Instead, I'll focus on giving my reasons for my decision.

The complaint concerns several transactions totalling just over £31,000 which Mr F made using his Revolut debit card in June and July 2023. They were made in connection with an investment opportunity which subsequently turned out to be a scam.

Mr F transferred funds into his Revolut account from his account with a high street bank "N". To deposit the funds into his investment account, Mr F sent the money to a cryptocurrency exchange for conversion into cryptocurrency. Once converted, the cryptocurrency was sent on to cryptocurrency wallets as instructed by the scammer. Two cryptocurrency exchanges were used to convert the funds.

## **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 June 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.

I've considered that the disputed transactions were sent to a legitimate cryptocurrency exchange. I accept that buying cryptocurrency is a legitimate exercise. But by 2023, there had been an increased prevalence of investment scams involving cryptocurrency. Both the financial services regulator and Action Fraud had warned of cryptocurrency scams. This type of insight is something that regulated businesses, including Revolut, ought to take notice of.

I'm satisfied that Revolut ought to have recognised that the first disputed card transaction for £4,431.26 carried a heightened risk of financial harm from fraud because it was identifiably cryptocurrency related. Given there was no previous cryptocurrency related activity on Mr F's account, and there had been limited account activity in general even though the account had been open for some time, I consider Revolut should have taken additional steps when it received his authorised instruction.

I think that a proportionate response to that risk would have been for Revolut to have provided a written warning specific to cryptocurrency investment scams, tackling some of the key features of the scam. But, had it done so, I'm not persuaded that would have prevented Mr F's loss. I'll explain why.

The initial transfer from Mr F's account with N into his Revolut account – which funded the first disputed transaction – was flagged for fraud checks. Mr F was required to phone the bank to discuss the transaction. I've listened to a recording of the relevant call. Mr F didn't answer N's questions truthfully.

For instance, he was asked about the reason for making the transfer and Mr F said he was moving money for business purposes. He also said he's opened the account recently. Mr F also told N that no one else had been involved in the transaction. These answers weren't accurate. The second transfer later that day was also flagged and during the call with N, Mr F gave the same reason for why he was transferring funds to his Revolut account.

Mr F's representatives argue that N didn't hold Mr F's answers to a reasonable degree of scrutiny and failed to ask probing questions. They don't think the calls Mr F had with his bank mean his complaint about Revolut shouldn't be upheld.

I can see that we've already explained to Mr F's representatives that this complaint isn't about N's actions and the quality of its intervention. That said, I do understand the point Mr F's representatives are trying to make here. But I think it's important to note that Mr F's engagement with N, and how he answered their questions, is also reflective of his willingness to mislead his bank. I can't see that any explanation has been provided for he answered the way he did.

I haven't seen the full communication between Mr F and the scammer as the instant messaging chat correspondence that has been shared starts after most of the transactions had already been made. But based on his answers, it seems likely that he was being coached on how to answer questions from his bank.

Ultimately, I can't say for certain how Mr F would have responded to Revolut's written warning – which is what I would have expected in this instance. In such circumstances, I need to make my decision on the balance of probabilities. In other words, what I consider to be more likely than not Mr F's response based on the information that is available. What I have is contemporaneous evidence of Mr F not being honest with another business on two separate occasions when questioned over the phone.

I acknowledge that N's questions and warnings weren't specific to cryptocurrency investment scams. But Mr F's answers suggest he was willing to mislead his bank. Given these actions, I'm not persuaded that a more specific written warning about cryptocurrency scams would have made any difference to his decision-making.

Even if I were to make a finding that Revolut ought to have made enquiries – either during the payment flow or through its in-app chat – at the time of the initial transaction or during the subsequent transactions which were spread out for the most part, on balance I'm not convinced that Mr F would have responded honestly like his representatives have suggested.

What this means is that in the circumstances of this case, I don't consider Revolut acted unfairly in executing the payment instructions it received from Mr F. It follows that I don't find it liable for his financial loss.

In summary, I know that Mr F will be disappointed with this outcome. Not least because the matter has been ongoing for some time and the investigator had originally upheld the complaint.

I fully acknowledge that there's a considerable amount of money involved here. Despite my natural sympathy for the situation in which Mr F finds himself, for the reasons given, it wouldn't be fair of me to hold Revolut responsible for his 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 Mr F to accept or reject my decision before 24 July 2024.

Gagandeep Singh  
**Ombudsman**