

The complaint

Mr A complains that Revolut Ltd won't refund the money he lost to an investment scam.

Mr A is professionally represented in bringing his complaint, but for ease of reading I'll refer to all submissions as brought by Mr A directly.

What happened

Mr A has explained that in around January 2023, he received a call from a lady claiming to work for an investment company, who could help Mr A make money through trading. Mr A believes he may have registered interest online for investment opportunities but cannot recall. Mr A researched the company online and found a legitimate appearing website and positive online reviews. On this basis Mr A agreed to be contacted by an account manager. Unknown to Mr A at the time, the 'investment company' was in fact a scam.

The following day Mr A was contacted by a fraudster purporting to be acting as Mr A's account manager. Mr A was talked through the trading platform, advised of the account manager's 'commission fees' and told that he could make upwards of £500,000 over a few years, depending on how much he wished to trade. Mr A found the fraudster professional and knowledgeable.

Mr A downloaded software that allowed the fraudster to access his desktop and was talked through opening several cryptocurrency accounts. He then attempted to make a payment from his bank account (held with another banking provider) to an online wallet. His banking provider declined the payment and suspended Mr A's online banking, pending questioning over the payment.

Mr A spoke to members of staff about the payment he was making. The staff members considered he was falling victim to a scam, invoked Banking protocol, and advised any further payments towards Cryptocurrency would need to be conducted in branch.

Following this branch interaction, the fraudster suggested Mr A open an account with Revolut, which Mr A then transferred funds to from his other bank account. From his new Revolut account, Mr A then moved these funds on to various cryptocurrency wallets, both by faster payments and card payments. Mr A was told that once he had \$200,000 in profits in his account, he would be able to use it as a weekly income. However, once Mr A had reached this perceived profit level, he received falsified correspondence from a cryptocurrency provider, advising his account had been blocked and in order to unblock it, he needed to pay a \$50,000 fee. Mr A made this payment, after which the fraudster ended contact with Mr A and he realised he'd fallen victim to a scam. Overall Mr A has lost over £240,000 to the scam, sent in payments varying between £3.00 and £100,000.00

Mr A contacted Revolut in May 2023 to make it aware of the scam and raise a claim. Revolut declined Mr A's claim. In summary it said that the controls it had in place were proportionate and appropriate based on the risk of a scam occurring. It said that for each new beneficiary Mr A sent funds to, it requested confirmation of what the payment purpose was, which was

followed by a more tailored warning on that payment purpose. It also required Mr A to speak to an online chat agent on two occasions.

Revolut has said that Mr A didn't always provide the most relevant payment purpose to help it provide Mr A with a tailored warning, and also didn't answer its questions accurately. For example, Mr A told Revolut he hadn't been asked to download software that gave access to his computer, which Mr A has since confirmed he did.

Mr A referred his complaint to our service. One of our investigators didn't uphold the complaint. She thought that Revolut's warnings weren't sufficient and that Revolut ought to have done more to protect Mr A. However she also thought that, had Revolut done more, Mr A would have still proceeded with the payments. This was based on Mr A's other banking provider having warned him that it considered he was being scammed - and Mr A choosing to proceed in spite of this.

Mr A didn't agree with our investigator's assessment, so the complaint has been referred 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 want to start by saying how very sorry I am to hear of the impact this scam has had on Mr A. I want to assure Mr A that I don't underestimate the immense strain this must have placed on him. However, my role is purely to look at the actions of Revolut and whether it ought to have done more to protect Mr A in the circumstances. Having done so, while I'm sorry to disappoint Mr A, I'm not upholding his complaint. I'll explain why.

In deciding what's fair and reasonable in all the circumstances of a complaint, I am required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

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.

However, taking into account longstanding regulatory expectations and requirements and what I consider to have been good industry practice at the time, Revolut should in January 2023 fairly and reasonably have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances.

Should Revolut have fairly and reasonably made further enquiries before processing Mr A's payments?

It isn't in dispute that Mr A has fallen victim to a cruel scam here, nor that he authorised the disputed payments he made from his account, but I've thought about whether Revolut should have reasonably intervened any further than it did and if so, what impact this intervention would have had.

Mr A set up his Revolut account specifically to trade as part of this scam, and Revolut therefore had no prior information about Mr A's usual spending activity, which arguably makes it more difficult for it to have detected 'unusual' account spending. Additionally, when creating his Revolut account, Mr A confirmed the reason for the account was for 'transfers', which ties in with how he went on to use his account.

Nevertheless, Revolut would have been aware that Mr A's early payment transfers were being made to cryptocurrency providers and it would've been well known to Revolut by this time that scams involving cryptocurrency are becoming increasingly prevalent. Therefore, regardless of the payment purpose information Mr A provided, I think Revolut ought to have provided a tailored written warning, relevant to cryptocurrency investment scams and highlighting some of their key features. I don't think any of the warnings Revolut provided were sufficient in highlighting the key features of these scam types.

I've therefore gone on to consider whether I think further tailored warnings would have made a difference here, but I don't think they would have. As I've mentioned, Mr A had already been told by his other banking provider that it was concerned he was falling victim to a scam – and gone as far as invoking Banking Protocol. When this bank advised further cryptocurrency payments would need to be made in branch, Mr A has opened an account with Revolut to seemingly bypass this process. I think these actions demonstrate that Mr A was determined to make further payments towards the scam, in spite of warnings he'd received and that a written warning wouldn't have impacted this decision (as face-to-face interactions and Police intervention had already failed).

As the scam continued, based on the number of payments Mr A made towards the scam, I think it's reasonable to determine that further intervention later in the scam would also have been appropriate from Revolut. However, for the same reasons already explained above, I don't think it would be fair to conclude that this further intervention would have stopped the scam. If anything, Mr A made was able to make some considerable withdrawals from the scam over its course, which I think would most likely have only provided further reassurance that he was dealing with a legitimate investment advisor as time went on.

Recovery of funds

Lastly, I've considered whether Revolut did all it could to recover Mr A's funds once it was made aware of the scam. Given Mr A made the payments to cryptocurrency wallets in his name, and then transferred these funds on to the fraudster, I don't think there's anything Revolut could realistically have done to recover Mr A's funds - as any fraud claims made would be against an account in Mr A's name. Given Mr A made some of the payments by card, I've also considered whether Revolut could have raised a successful chargeback claim. However, as the payments went to a genuine cryptocurrency account, that transferred funds as requested into cryptocurrency, I don't think a chargeback claim would have had any reasonable prospects of success – the firm who received funds having completed the service requested.

Overall while I'm sorry to disappoint Mr A – and I don't underestimate the impact this cruel scam will have had on him - I haven't determined that Revolut can be held responsible for his losses and I therefore don't require it to reimburse him.

My final decision

My final decision is that I don't uphold Mr A's complaint about Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 12 June 2024.

Kirsty Upton
Ombudsman