

## **The complaint**

Mr A complains that Revolut Ltd didn't do enough to protect him from the financial harm caused by an investment scam, or to help him recover the money once he'd reported the scam to it.

## **What happened**

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr A was the victim of an investment scam after being approached on social media by someone I'll refer to as "the scammer". They communicated via WhatsApp for some time before the scammer told Mr A she'd made money by investing in cryptocurrency.

The scammer told Mr A to first purchase cryptocurrency from P2P sellers via a cryptocurrency exchange company which I'll refer to as "B", and then load the cryptocurrency onto an online wallet. He transferred funds from Bank N to his Revolut account and between 21 June 2023 and 3 July 2023, he made five card payments and five faster payments three different cryptocurrency merchants totalling £11,890. Between 23 June 2023 and 4 July 2023, Mr A also made eleven withdrawals in cryptocurrency on the Revolut platform.

Mr A complained to Revolut when he realised he'd been scammed, but it refused to refund any of the money he'd lost. It said the payments out of the account were authorised by 3DS, so there wasn't a valid chargeback under the card scheme rules, and once the money was deposited to the beneficiary account, the service was considered provided. It also said that during a live-chat on 22 June 2023, Mr A said he wanted to continue with the payment and showed annoyance that the payment had been declined.

Mr A wasn't satisfied and so he complained to this service. Revolut stated that before Mr A made the payment of £2,000 on 24 June 2023, he was shown a warning about the risks of that transaction being fraudulent and given further information on scams. He was also asked about the purpose of the payment, to which he responded 'goods and services' and was then given a warning relevant to purchase scams and given the chance to cancel the transaction. It said that if Mr A had said he was sending funds for an investment, he'd have received more specific information. After the transaction the beneficiary was marked as 'safe'.

Revolut also argued that the fraudulent activity didn't take place primarily on the Revolut platform as it was used as an intermediary to receive funds from Mr A's main account before being sent from Revolut to accounts in his own name and control with legitimate institutions.

It further argued that Mr A contributed to his own loss stating that the pattern of the payments didn't suggest he was rushed or pressured, and he had time to question the legitimacy of the investment or contact Revolut's support agents before he made the payments. He'd invested a high amount of funds after receiving advice from someone he

met online and without receiving any withdrawals. He'd also ignored warnings issued on the app and gave an incorrect payment reason.

Our investigator didn't think the complaint should be upheld. She didn't think payments one and two were unusual because they were low value, and the account had a long history of payments to cryptocurrency merchants.

She noted there were four declined payments and Mr A had reached out to Revolut through the in-app chat to ask why the payments were declined. He then made a successful payment to B for £500 before a further two payments were declined.

In a second live chat, he asked why his payments were being declined, and asked the agent to look at his previous spending, which showed he regularly transferred funds to cryptocurrency exchanges. Revolut explained that the payments had been blocked by an automated system and he said he wanted the payment to be processed.

There was then a phone call where Mr A said he'd opened a Revolut account was because there were no restrictions, and when the agent said there were many scams involving cryptocurrency exchanges, he said he wanted to be upgraded to an Ultra account as he was going to be moving a lot of money to cryptocurrency.

Our investigator concluded that although Revolut didn't provide a meaningful scam warning during the call on 22 June 2023, she didn't think it would have made a difference because it's clear Mr A was determined to make the payments. She commented that in messages to the scammer, he said he tried making the payments from four different accounts and his credit card account, so he moved it to Revolut before transferring it to the merchant. She felt this showed that even if Revolut had stopped him from making payments, he'd have tried to make the payments from a different account.

She also noted Mr A had experience with cryptocurrency, he had knowledge of how the market worked and had asked at the outset if the investment was a scam, which the scammer had denied. He was also happy with the returns he saw online, so she didn't think an intervention or warning from Revolut would have stopped the scam.

Mr A has asked for his complaint to be reviewed by an Ombudsman.

### **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.

Having done so, I've reached the same conclusion as our investigator. And for largely the same reasons. I'm sorry to hear that Mr A has been the victim of a cruel scam. I know he feels strongly about this complaint, and this will come as a disappointment to him, so I'll explain why.

The element of Mr A's complaint which relates to the withdrawal of cryptocurrency on the Revolut platform has been considered separately.

I'm satisfied Mr A 'authorised' the payments for the purposes of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although he didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of his bank account, he is presumed liable for the loss in the first instance.

There's no dispute this was a scam, but although Mr A didn't intend his money to go to scammers, he did authorise the disputed payments. Revolut is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

### *Prevention*

Revolut was an emoney/money remittance provider and at the time these events took place it wasn't subject to all of the same rules, regulations and best practice that applied to banks and building societies. But it was subject to the FCA's Principles for Businesses and BCOBS 2 and owed a duty of care to protect its customers against the risk of fraud and scams so far as reasonably possible.

I've thought about whether Revolut could have done more to prevent the scam from occurring altogether. Buying cryptocurrency is a legitimate activity and from the evidence I've seen, the payments were made to genuine cryptocurrency exchange companies. However, Revolut ought to fairly and reasonably be alert to fraud and scams and these payments were part of a wider scam, so I need to consider whether it did enough when Mr A tried to make the payments. If there are unusual or suspicious payments on an account, I'd expect Revolut to intervene with a view to protecting Mr A from financial harm due to fraud.

Revolut intervened when Mr A made a faster payment of £2,000 on 24 June 2023. The first two payments he made to the scam were low value card payments, and there was a history of payments to cryptocurrency merchants on the account, so they wouldn't have appeared suspicious or unusual.

Mr A then tried to make four further payments on 22 June 2023, all of which were blocked. He contacted Revolut and during the live-chat he was told the payments had been declined because they were considered high-risk. He was also told future payments to the merchant might also be declined. He expressed dissatisfaction that the payments had been declined, stating that he transferred funds to cryptocurrency merchants 'all the time'.

In the subsequent call, Mr A said he wanted the security to be lifted from his account. He then made a further payment to B for £500 which was processed without any intervention. Considering the value of the payment, the history of spending on the account, the fact he was paying a legitimate cryptocurrency merchant, and the nature of the interactions he'd had with Revolut earlier in the day, I don't think it needed to intervene when he made that payment.

Mr A made two further low value payments on 23 June 2023, before attempting to pay £2,000 to a cryptocurrency exchange which I'll refer to as "N" on 24 June 2023. On this occasion, Revolut blocked the payment and contacted him via its live-chat facility. Contrary to what it has said, Mr A wasn't given any scam education during that interaction and the payment had already been processed.

I agree with our investigator that Revolut missed opportunities to ask probing questions or to give scam advice during the interactions that took place on 22 June 2023. Because it was clear that Mr A was sending funds to cryptocurrency merchants, notwithstanding the fact payments to cryptocurrency merchants weren't unusual for the account and he was adamant he wanted to make the payments, he should have been asked some probing questions about the payments.

Even though on one occasion Mr A said he was sending the payment for 'goods and services', he didn't hide the fact he was sending funds for cryptocurrency, and there's no

evidence he'd been coached to lie. So even though he didn't mention it during the interactions he did have, he might have told Revolut that he was being assisted by a third party, in response to which I would expect it to have provided a tailored cryptocurrency scam warning and education on how to check the investment was genuine.

However, it's clear from the interactions Mr A had with Revolut that he was frustrated and agitated about the security measures on the account to the extent that he repeatedly asked for the measures to be removed. The account statements show he'd been engaged in cryptocurrency-related transactions for several months, and he ignored the warning he was shown on 24 June 2024.

It's clear from the live chats and the call he had with Revolut, that Mr A was determined to make the payments. And in messages to the scammer, he stated that he'd used his Revolut account because his other banks had prevented him from making the payments. So, it's likely he'd have found an alternative way to make the payments if Revolut had blocked the account.

I think that if Revolut had properly questioned Mr A on 22 June 2023, there might have been enough information to suggest a scam might be taking place. But based on Mr A's attitude towards the interactions that did take place and the fact I haven't seen any evidence that there would have been anything to confirm the investment was a scam, I think it's more likely than not that he'd have continued to make the payments.

### *Chargeback*

I've thought about whether Revolut could have done more to recover the card payments when he reported the scam to it. Chargeback is a voluntary scheme run by Visa whereby it will ultimately arbitrate on a dispute between the merchant and customer if it cannot be resolved between them after two 'presentments'. Such arbitration is subject to the rules of the scheme — so there are limited grounds on which a chargeback can succeed. Our role in such cases is not to second-guess Visa's arbitration decision or scheme rules, but to determine whether the regulated card issuer (i.e. Revolut) acted fairly and reasonably when presenting (or choosing not to present) a chargeback on behalf of its cardholder (Mr A).

Mr A's own testimony supports that he used cryptocurrency exchanges to facilitate the transfers. It's only possible to make a chargeback claim to the merchant that received the disputed payments. It's most likely that the cryptocurrency exchanges would have been able to evidence they'd done what was asked of them. That is, in exchange for Mr A's payments, they converted and sent an amount of cryptocurrency to the wallet address provided. So, any chargeback was destined fail, therefore I'm satisfied that Revolut's decision not to raise a chargeback request against either of the cryptocurrency exchange companies was fair.

### *Recovery*

I don't think there was a realistic prospect of a successful recovery because Mr A paid a accounts in his own name and moved the funds onwards from there.

### *Compensation*

The main cause for the upset was the scammer who persuaded Mr A to part with his funds. I haven't found any errors or delays to Revolut's investigation, so I don't think he is entitled to any compensation.

I'm sorry to hear Mr A has lost money and the effect this has had on him. But for the reasons I've explained, I don't think Revolut is to blame for this and so I can't fairly tell it to do anything further to resolve this complaint.

### **My final decision**

For the reasons I've outlined above, 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 A to accept or reject my decision before 23 December 2024.

Carolyn Bonnell  
**Ombudsman**