

## **The complaint**

Miss A has complained Revolut Ltd did nothing to intervene and stop payments she made which turned out to be a cryptocurrency investment scam.

## **What happened**

Miss A opened a bank account with Revolut in August 2024. She confirmed the reason she was opening a Revolut account was to trade in cryptocurrency. She also held accounts with other banks (one of whom I'll call B).

In 2024 Miss A became aware of cryptocurrency investments through a friend who Miss A could see was doing well financially. Miss A saw an advert on Instagram promoting cryptocurrency trading.

Someone from the company encouraged her to open an account with Revolut and helped her to start trading and investing cryptocurrency. Over a later period, Miss A transferred significant amounts of money from her account with Revolut by use of her Revolut card to different crypto exchanges. She also used Revolut's own crypto exchange service to assist her. Miss A has also complained about this aspect of Revolut but our investigator confirmed to her that cryptocurrency withdrawals were not a regulated service under our rules so we couldn't consider this aspect.

Miss A made more than 10 card payments of amounts between £300 and £5,200 to different cryptocurrency exchanges and wallets. During this period Miss A was regularly topping up her Revolut account with payments from her account with B.

When Miss A tried to make significant withdrawals from the crypto exchanges and wallets, she was told by the company advising her that she'd need to pay a percentage first to enable withdrawals. Miss A realised this was a scam and complained to Revolut.

Revolut made a number of chargeback transactions, in accordance with the international card scheme rules. But omitted to submit chargeback requests for other card payments. £300 was successfully returned to Miss A's account. Revolut apologised for this error and submitted the remaining chargebacks. They, however, confirmed to Miss A that it was unlikely most of these would be successful as these were properly authorised by Miss A.

Miss A brought her complaint to the ombudsman service, along with a complaint about B.

Our investigator confirmed he wasn't going to ask Revolut to refund Miss A. Although he felt they should have provided additional warnings to Miss A, he wasn't convinced – knowing what Miss A had confirmed to B – that Miss A would have paid any attention to these.

Miss A has asked an ombudsman to review her 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.

Having done so, I've reached the same outcome as our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

I don't dispute Miss A was scammed and has lost a considerable amount of money. She has my sympathy about what she has gone through.

Firstly I can confirm – as our investigator did – that transactions carried out by Revolut as a crypto exchange service are not covered by our rules. So, I have no power to consider Miss A's complaint about those.

There's no dispute that Miss A made and authorised card payments to cryptocurrency wallets and accounts. Miss A believed she was acting under instruction by someone who was helping her to make investments. She's shared with us messages she received from this company showing the massive growth her investments were achieving,

I'm satisfied the transactions were authorised under the Payment Services Regulations 2017

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 have been good industry practice at the time, I consider it fair and reasonable in 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;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- 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 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'm satisfied that Revolut ought to have recognised that the card payments carried a

heightened risk of financial harm from fraud because of the rising value of the transactions.

I think that a proportionate response to that risk would have been for Revolut to have intervened.

It is clear from the evidence submitted to our service by Revolut that they did intervene. Miss A was sent generic and more specific warnings. I can also see that by the time Miss A made her first disputed card payment, she'd already been engaged with Revolut's own crypto service for a month.

But more importantly I've also been able to review the evidence of the discussions Miss A held with B as she was making transfers from her account with them to her Revolut account. During these discussions, Miss A admits she lied to B about the purpose of her transactions. I think it's most likely she'd have continued to mislead Revolut about what was going on if they'd tried to intervene further.

It's also worth noting that Revolut does have daily limits for transactions and on numerous days, Miss A's attempt to transact breached those limits. Many of her card payments were declined and she complained to Revolut at the time. Despite their warnings, she continued to complain that these were payments she wished to make.

I appreciate Miss A has said things would have been different had Revolut blocked her transactions and she was continually working under instruction by the company scamming her.

I don't agree. I think there was plenty of opportunity for the scammer's spell to have been broken by what was going on. Miss A ignored the warnings B and Revolut presented to her – some of which would have sounded very similar to what was going on with her. She was also aware that Revolut declined numerous attempts to make transactions and I'd have expected her to wonder why.

It's certainly true that scammers ensure individuals behave in a certain way to disguise what was going on. However, in this case I cannot see Miss A wavered or tried to convey any concerns to Revolut.

I note that following Miss A knowing that she was a victim of a scam, she contacted Revolut immediately.

They were unable to do anything to stop the card transactions she'd made. These had all been effectively authorised by Miss A and the chargeback rules – run by the international card schemes and not Revolut – limit refunds in those cases. I don't believe any action that Revolut could have taken would have changed the outcome in those.

Overall, I don't think it would be fair and reasonable to ask Revolut to refund Miss A.

I say this with a heavy heart as I appreciate the financial and emotional damage this scam must have caused Miss A.

### **My final decision**

For the reasons given, my final decision is not to uphold Miss A's complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 25 September 2024.

Sandra Quinn  
**Ombudsman**