

The complaint

Mr G complains that Revolut failed to protect him when he made payments from his account to cryptocurrency sellers, to send on to an investment scam.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again in great detail here. The facts are not in dispute, so I'll focus on giving the reasons for my decision.

Mr G received a message via an online chat from an unknown number. While the person said they had made a mistake and messaged the wrong number, they shared their photo with Mr G and they began speaking. They formed a relationship and planned to meet one day. The person introduced Mr G to cryptocurrency investing and explained this is how they made their money. Mr G began investing through the same platform and the scammer showed him how to purchase cryptocurrency, with him sharing screenshots of his accounts and the scammer directing him with what to press and how to invest.

Mr G later realised he'd been scammed and complained to Revolut, through a representative. They said that Revolut should've done more to intervene on the payments and if it had appropriately questioned Mr G, it could've unravelled the scam and prevented further losses. Revolut didn't agree and didn't uphold the complaint.

Mr G brought his case to our service, but our investigator didn't uphold it. They referenced the times Revolut did intervene and how Mr G wasn't honest about what he was doing. Mr G asked for an ombudsman to review his 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.

It isn't in dispute that Mr G authorised the transactions in question here. He is therefore initially presumed liable for the loss. However, taking longstanding regulatory expectations and requirements into account, and what I consider to be good industry practice at the time, Revolut should have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances. This includes acting 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.

Mr G funded this scam by purchasing cryptocurrency from what we understand to be genuine sellers. So his payments didn't go directly to the scammer. And as he was paying individuals for the cryptocurrency rather than an exchange, the named parties appear on his statements rather than anything obviously related to cryptocurrency. This means it wasn't immediately apparent to Revolut what he was doing.

When Mr G attempted his initial £300 payment to the scam from his Revolut account, he did select cryptocurrency as the reason. Revolut then provided him with an automated warning on cryptocurrency scams. I don't think this went far enough considering when the payment was made, and that Revolut chose to intervene and ask Mr G what he was doing. But I don't consider that a better, automated warning or more detailed intervention would actually have stopped this or any of the other payments Mr G made. I'll explain why.

Mr G attempted to pay a different person for cryptocurrency a short time into the scam and was again asked about what he was doing. He selected cryptocurrency as the reason and then that he was sending the funds for an investment. He was then asked further questions about what he was doing and was ultimately referred to the Revolut chat feature. In both the questions and the chat Mr G actively misled Revolut with his answers. It's not clear why he chose to do this, but he in fact did this each time Revolut intervened when he was making payments for this scam. Mr G went to great lengths to hide what he was doing from Revolut, including not selecting cryptocurrency as the reason again after this payment, despite him not ever changing what he was doing. So it seems he was acting to avoid detection by Revolut.

Mr G was asked questions such as whether he'd been encouraged to invest by someone he didn't know or had met online and he said 'No'. Even though he'd connected with the scammer out of the blue through an online chat app and never met them. And as above, whenever he was questioned further, Mr G elaborated with false information. For example on one occasion it began to question him on the fact he'd said he was investing, and he explained he had mistakenly selected investment and was actually paying a friend – which was not the case. On another occasion he stated he was paying for "Funeral arrangements".

While some of the interventions I've seen don't take things as far as I'd have expected, ultimately there are limits to what an intervention can do when a consumer isn't providing accurate responses. In this case, regardless of the questioning, I don't consider Revolut would've been able to understand the situation so that it could've presented Mr G with a relevant and tailored warning that was effective. Or from his answers, unravel the scam and prevent him continuing with the payments. It's clear Mr G was very confident in what he was being told to do and that he should avoid Revolut understanding what that was.

I accept that with the kind of scam Mr G fell victim to being more commonplace, and the additional requirements on Revolut from July 2023, it ought to have been on the lookout for the possibility of fraud and, where a risk was identifiable, both asked him questions to try and establish the actual scam risk and provided a warning to Mr G. But ultimately, when it attempted to do this, he very deliberately misled it and prevented it identifying foreseeable harm. So I'm not directing Revolut to refund Mr G any of his losses in this case.

My final decision

For the reasons set out above, I don't uphold Mr G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 6 September 2024.

Amy Osborne
Ombudsman