

The complaint

Mr D is unhappy Revolut Ltd won't reimburse him for the money he lost when he fell victim to a scam.

Mr D is represented in this complaint by a solicitor. But for simplicity I will refer to Mr D throughout this decision, even when referencing what his representatives have said on his behalf.

What happened

In July 2023 Mr D was discussing investment opportunities with a work colleague. This colleague recommended a cryptocurrency investment platform – which I'll call 'F' – and sent Mr D a link to a social media account for F. Mr D subsequently made contact with an individual working for F who told him they would help him with his investments, they said he could receive returns of 7.6% on his investment, and helped him to open a trading account on the platform using remote access software.

Mr D agreed to go ahead with the investment, and over the next two months invested almost £17,000 via card payments to a business and transfers from his Revolut account. He was then encouraged to open an account with another bank, 'C', and made further payments of over £35,000 from that account. Unfortunately, and unknown to Mr D at the time, the investment was not legitimate, he was sending his money to a scammer. Mr D made the following payments from his Revolut account:

Payment	Date	Time	Amount	Payee
Payment 1	05/07/2023	13:53	£1,000	Card payment
Payment 2	05/07/2023	14:05	£3,000	Card payment
Payment 3	06/07/2023	12:37	£1,974	Card payment
Payment 4	09/08/2023	16:49	£1,000	Card payment
Payment 5	25/08/2023	16:12	£2,500	Card payment
Payment 6	27/08/2023	15:44	£2,500	Transfer to crypto
Payment 7	29/08/2023	15:28	£5,000	Transfer to crypto

Mr D initially thought he was making good profits, and the trading platform appeared to support this. But when the scammers told him the markets had crashed, and that he had lost all he had made, Mr D then felt he needed to continue to invest to make his money back. Ultimately, when the scammers started to suggest Mr D take out loans to fund his investment, and would not provide any contract regarding his withdrawal rights, Mr D realised he had been scammed and reported the matter to Revolut.

Revolut looked into what had happened, but declined to refund any of Mr D's loss. It said it had provided appropriate warnings about the payments he was making when it intervened at the time of payments 6 (when it provided a written warning) and 7 (when it put questions to Mr D in an in-app chat), and that Mr D had not done enough to ensure he was dealing with a legitimate investment company before making the payments.

Mr D didn't feel this was fair, so he referred his complaint to our service.

One of our Investigators looked into what had happened, and ultimately, they felt that Revolut could have done more to intervene in the payments Mr D was making. However, the Investigator also felt that it was unlikely that any further intervention from Revolut would have stopped Mr D from making the payments. So, they did not consider that Revolut needed to refund any money to Mr D.

Mr D was unhappy with the Investigator's findings, he feels that Revolut could have done more to uncover the scam and prevent his loss.

As no agreement could be reached, this case has been passed to me for a 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.

Having done so I've reached the same conclusion as our Investigator, and for the same reasons.

I'm satisfied Mr D did authorise the payments that are in dispute here, so, as per the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means he is responsible for them. That remains the case even though Mr D was the unfortunate victim of a scam. Revolut is also not a signatory of the Lending Standards Board's Contingent Reimbursement Model Code (the Code).

Because of this, Mr D is not automatically entitled to a refund. But the regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams.

Taking the above into consideration, I need to decide whether Revolut acted fairly and reasonably in its dealings with Mr D, or whether it should have done more than it did.

Mr D had held his Revolut account for some time, and had used it regularly up until August 2022. So, by the time of the scam payments, Mr D had an established account (which had previously been used for mostly small value payments) which had been unused for almost a year. The first payment made by Mr D to the scam was for £1,000, and while this was moderately unusual, I don't think this was high enough to have triggered further questions from Revolut at that stage.

But when this payment was then followed, within a very short time, with another card payment to the same merchant for £3,000, I think that should have caused some concern to Revolut given the history of the account. So, I think it would have been reasonable for Revolut to intervene at this stage, and I think that proportionate intervention here would have been to provide Mr D with a warning relevant to the payment that he was making. The

question then is whether such intervention at that point would have uncovered the scam. And, thinking carefully about all I've seen, I'm satisfied that it would not have done so.

I say this because I can see that when Revolut did intervene later on in the scam, by providing an automated warning to Mr D about the sixth payment made, that did not stop Mr D from continuing with the payments he was making. It is therefore difficult for me to say that similar intervention at an earlier stage would have stopped him from going ahead either.

I also acknowledge that, when Revolut intervened more directly on the final payment Mr D made from his Revolut account – which was a transfer for £5,000 – it could have done more to find out the details of what the payment was for, particularly as by this stage it was aware that payments were being made to cryptocurrency, and would have been aware of the inherent risks in that.

But there are various aspects of the scam that I consider would have meant that proportionate intervention, at any stage, would be unlikely to be effective. Specifically, Mr D appears to have been provided with significant detailed and professional looking documents to support that the company he was investing in was legitimate. The investment had also been recommended by a colleague, adding a layer of legitimacy to the scheme, and Mr D says he was promised returns of around 7%, not an unreasonable expected return on an investment. I can also see from Mr D's conversations with the scammer that he had developed a good relationship with them, and trusted what they were telling him to do. It's also evident from Mr D's conversation with the scammer that he'd been willing to be somewhat dishonest about what he was making payments for. All of this suggests that Mr D was deep under the scammers spell, and given that he was also able to make a small withdrawal of profits, I think this means that it's unlikely any proportionate intervention would have broken this spell. Particularly as, had Mr D explained to Revolut that he was investing in a scheme that had been recommended by a friend, that he had significant paperwork for, and that did not have promised returns that were 'too good to be true', I don't think that this would have caused Revolut particular concern.

I acknowledge that Mr D feels Revolut should have asked questions about what specific cryptocurrency Mr D was purchasing and what he intended to invest in, and that had it done so then it would have identified that Mr D was likely being scammed, but I don't think it is fair to say that is the case. There were no warnings about the firm Mr D was working with at that time, and I would not expect Revolut to have detailed knowledge of how investments in particular commodities might work. I also appreciate that Mr D ultimately came to the realisation that it was a scam himself, but this was much later on, after he had been told he had lost significant funds, had invested more, and had then been told he had to pay more into the scheme to be able to withdraw his profits. At the time of the payments Mr D made from Revolut, I can't see that there was anything that would have caused him or Revolut significant concern.

With all this in mind, I'm satisfied that Revolut could not reasonably have prevented Mr D's loss.

I also don't think that Revolut could have done anything to recover these funds once Mr D reported the scam. I say this because the funds were used to buy cryptocurrency, so there was no route through which Revolut would be entitled to retrieve any of those funds from the recipient accounts.

I don't doubt that Mr D has been the victim of a cruel scam here, and I know that he has lost a large amount of money and this has had a significant personal impact on him. But I've not seen anything to make me think it would be reasonable to hold Revolut liable for Mr D's loss.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 23 October 2024.

Sophie Mitchell
Ombudsman