

The complaint

Mr K complains that Revolut Ltd did not refund the money he lost to a scam.

What happened

Mr K found an investment opportunity on social media. He signed up after seeing the company was registered on Companies House and began investing. He made the following transfers from his existing Revolut account:

- 12/09/2023 - €1,700
- 26/09/2023 – €5,162

When Mr K attempted to withdraw £1,000 from his profits, he was told he would have to pay an additional £5,000. At this point, he realised he had been the victim of an investment scam and raised a scam claim with Revolut. Revolut attempted to recover the funds from the beneficiary account but was unsuccessful. And they explained they had not made an error when they processed the payments, so did not agree to reimburse Mr K.

Mr K referred the complaint to our service and our Investigator looked into it. They did not feel the payments were significantly unusual as they were spread out over a few weeks and were not of a high value. So, they didn't think Revolut needed to reimburse Mr K.

Mr K's representative disagreed. They felt the beneficiary bank was a known processor for cryptocurrency, so thought Revolut should have realised it was a high-risk payment and intervened.

As an informal agreement could not be reached the complaint has been passed 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'm satisfied Mr K has fallen victim to an investment scam, and I'm sorry he's gone through this experience. As this complaint is against Revolut, and not the scammer, I can only consider their actions in this decision.

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

Broadly speaking, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account. And a customer will then be responsible for the transactions that they have authorised.

It's not in dispute here that Mr K authorised the payments in question as he believed they were part of a legitimate investment. So, while I recognise that he didn't intend the money to go to scammers, the starting position in law is that Revolut was obliged to follow Mr K's instruction and process the payments. Because of this, he is not automatically entitled to a refund.

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. So, I've also thought about whether Revolut did enough to try to keep Mr K account safe.

I've firstly reviewed the payments themselves alongside Mr K's genuine account activity. Having done so, I can see Mr K regularly made transfers in different currencies, so I don't think the type of payment would have stood out to Revolut as unusual. The payments themselves were spread out over two weeks, so the pattern of payments was not particularly suspicious. While the second payment was of a higher value than most of Mr K's usual transactions, I don't think this alone is enough to say Revolut should have intervened prior to it being processed. On balance, I don't think the value, pattern or type of payment was suspicious in the circumstances.

Mr K's representative has said the beneficiary account was connected to cryptocurrency and should have flagged to Revolut that the payments were going to cryptocurrency. However, I don't agree in this case. The bank that the payments went to provide a number of different services and while the individual account within that bank which the payments went to was linked to cryptocurrency, I don't think Revolut could reasonably have identified this on the international transfer with the information available to it. Especially as it appears Mr K entered the payee name as the address of the company, as this is what appears on his statement. So I don't think they should reasonably have known Mr K was making a payment towards cryptocurrency and it follows I don't think they needed to provide a tailored cryptocurrency scam warning in this case.

I can see Revolut attempted to recover the funds, however they were removed by the scammer shortly after the payments cleared each time. So, there were no funds remaining to reclaim.

Having carefully reviewed everything available to me, I don't think Revolut missed an opportunity to meaningfully reveal the scam in the circumstances and I don't think they need to reimburse Mr K in the circumstances.

My final decision

I do not uphold Mr K's complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 7 November 2024.

Rebecca Norris
Ombudsman