

The complaint

Mr W complains that Revolut Ltd won't refund the money he lost when he was the victim of a scam.

What happened

In January 2023, Mr W saw an advert for an investment company online. He followed a link to the company's website, filled out his details on an enquiry form and was then contacted by someone who said they were a manager at the company. Mr W was asked to download remote access software so the manager could guide him through the investment, which he did. And the manager then helped him open an account with Revolut, as well as with two cryptocurrency exchanges.

Mr W was given log-in details for the investment company's trading platform, where he could see his investment and the profit it said he was making. And as he was happy with the profit it showed he was making, he then made a number of payments from his Revolut account to purchase cryptocurrency, which was then sent on to wallet details he was given for the investment company.

I've set out the payments Mr W made from his Revolut account below:

Date	Details	Amount
27 January 2023	To 1 st cryptocurrency exchange	£3,000
6 February 2023	To 1 st cryptocurrency exchange	£4,300
20 February 2023	To 1 st cryptocurrency exchange	£20,000
13 March 2023	To 1 st cryptocurrency exchange	£19,000
2 May 2023	To 2 nd cryptocurrency exchange	£10
16 May 2023	To 2 nd cryptocurrency exchange	£1,000
16 May 2023	To 2 nd cryptocurrency exchange	£1,000

Unfortunately, we now know the investment company was a scam. The scam was uncovered after Mr W tried to withdraw some of the money the trading platform showed he had made. But he was told he had to pay a significant further amount in before he could withdraw, and so realised he had been the victim of a scam.

Revolut investigated but said it had shown Mr W a number of warnings and educational screens before he made some of the payments and couldn't do anything further to recover the money he had lost. So it didn't agree to refund the payments he had made. Mr W wasn't satisfied with Revolut's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They didn't think anything we would have expected Revolut to have done would have uncovered the scam or prevented Mr W's loss. So they didn't think Revolut should have to refund the payments Mr W made. Mr W disagreed with our investigator, so the complaint has been passed to me.

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.

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.

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 from January 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;
- 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 in relation to 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.

But, even if Revolut had recognised that Mr W was at heightened risk of financial harm from fraud when making some of these payments, I don't think the action I would have expected it to take would have prevented his loss. I'll explain why below.

I'm satisfied Revolut ought to have recognised that Mr W was at heightened risk of financial harm from fraud when he tried to make the first payment here, for £3,000 on 27 January 2023. This payment was for a significant amount, and was identifiably related to cryptocurrency which, around this time, I think Revolut should have recognised carried an elevated risk of the transaction being related to a fraud or scam.

I think a proportionate response to the risk I think Revolut should have identified here would have been for it to provide Mr W with a tailored warning relevant to cryptocurrency investment scams, highlighting some of the key features of this kind of scam.

I'm also satisfied Revolut ought to have recognised a further risk of financial harm from fraud when Mr W tried to make the third payment here, for £20,000 on 20 February 2023. This payment was for a significantly larger amount than any of the previous payments made out of Mr W's account, was also identifiably related to cryptocurrency, and was the third payment Mr W had made to a cryptocurrency exchange – with the payment increasing in value each time, which a pattern often seen when customers are falling victim to a scam.

I think a proportionate response to the risk I think Revolut should have identified here would have been for it to carry out a human intervention with Mr W, asking probing and open-ended questions to find out about the circumstances of the payment and then warning him about the risks it had identified.

But even if Revolut had identified the risks and taken the steps I would've expected it to, I'm not persuaded it would have prevented Mr W's loss.

Revolut did show Mr W a series of warnings when he tried to make the first payment here, including that investment scams may involve him seeing an advert online offering a fake – but often convincing – investment opportunity to make easy money, that legitimate investments would never guarantee profit and won't be arranged over social media, and that legitimate companies will be registered with a regulator, such as the Financial Conduct Authority. But, despite several of the things mentioned in these warnings being similar to his circumstances and what he thought was happening, Mr W continued to make the payment.

Revolut also carried out a human intervention with Mr W when he tried to make one of the later payments in May 2023. It directed him to a chat conversation with one of its agents who asked him a series of questions, including about why he was making the payment and whether he had been promised returns like doubling his investment in a month.

In response to these questions, Mr W answered that he was just buying and holding cryptocurrency – despite now telling our service he thought he was investing in stocks and trading. And he answered that he hadn't been promised significant returns – despite having been told he had made over £130,000 in four months. He also told Revolut that he'd held his account with the cryptocurrency exchange since 2021 – despite now telling our service it was opened in 2023 as part of this scam.

Mr W has said these answers were given as someone from the investment company was controlling his device using remote access software and answering the questioned Revolut asked. But, if this is the case, I think it's unlikely any further questioning or warnings from Revolut would have prevented the payments being made, as the person from the investment company would obviously have wanted the payments to go through regardless of any questions or warnings Revolut gave.

And even if the person from the investment company wasn't controlling Mr W's device when the earlier payments were being made, Mr W says he saw them type out the answers they gave to the questions about the later payments and doesn't appear to have objected or realised he was the victim of a scam at this point. So I think it's likely he would have still followed the investment company's instructions and answered any questions Revolut did ask in a way that would have allowed his payments to go through.

So even if Revolut had asked more probing and open-ended questions when Mr W tried to make the third payment here, I think it's likely Mr W wouldn't have given it accurate or complete information about the purpose or circumstances of it – as happened with the questions he was asked. And so I don't think Revolut would have had significant concerns following the questions it asked Mr W and I don't think any warning I would have expected Revolut to show Mr W following those questions would have stopped him making the payments.

I appreciate that Mr W has been the victim of a cruel scam and that my decision will come as a disappointment to him. He has lost a significant amount of money and I sympathise with the position he has found himself in. But I can only look at Revolut's responsibilities and, for the reasons I've set out above, I don't think anything I would reasonably have expected it to

have done would have prevented the loss he suffered. And so I don't think it would be fair to require Revolut to refund the payments Mr W made here.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 2 December 2024.

Alan Millward
Ombudsman