

## **The complaint**

Mr F complains Revolut Ltd won't refund the money he lost when he fell victim to a scam.

## **What happened**

Mr F heard about an investment opportunity from an individual in an instant messaging group he was in. They said they had made good money from cryptocurrency mining and recommended a particular platform. Mr F decided to invest. Unfortunately, this was a scam.

The scammer directed Mr F to set up an account with Revolut. He moved funds in from his existing bank account, then sent them on to the scam via his cryptocurrency wallet. Between March and May 2023, Mr F sent over £50,000 to the scam through Revolut.

I understand the scam was uncovered when someone else in the group told Mr F their account provider had warned them it sounded like a scam. While Mr F was able to withdraw some of his funds, he was asked to pay more fees to access the rest.

When Mr F first contacted Revolut (directly) about the scam, he said he was concerned the scammers had sent funds on from Revolut by accessing his device. But when he subsequently complained (via a professional representative), the complaint letter said he authorised the payments – but Revolut should have done more to protect him from the scam.

As Revolut didn't agree to refund Mr F, he referred the matter to our service. Our investigator didn't uphold his complaint. She thought Revolut should have intervened on some of the payments. But she found Mr F's bank spoke to him about several scam payments sent from that account – and she didn't think his responses made the scam risk clear. She therefore wasn't persuaded questioning by Revolut would have succeeded either.

Mr F has appealed the investigator's outcome, so the case has been passed to me. His representative argues Revolut should refund at least 50% of his loss due to not intervening at all. They also said, if Revolut had asked Mr F what he was investing in, his response would have prompted further questioning and warnings.

## **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 decided not to uphold it. I'll explain why.

While Mr F initially reported the payments as unauthorised, he has since clarified he did so in a moment of panic. As is also supported by the messages I have seen between the scammer and Mr F, and the way in which the payments were made, he has subsequently confirmed he authorised the payments.

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 that, by the time of the scam, 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.

While I think Revolut ought to have recognised Mr F was at heightened risk of financial harm from fraud when making some of these payments, I don’t think any proportionate intervention by Revolut would have prevented his loss. I’ll explain why.

I appreciate Mr F’s representative says Revolut should bear some liability due to failing to intervene. But that is not the approach our service takes. In thinking about what is fair and reasonable, I would only expect Revolut to refund (some or all of) Mr F’s loss if I was persuaded its failings caused or contributed to this.

I agree with the investigator that, around the time of the sixth scam payment, it would have been proportionate for Revolut to have shown Mr F a warning tailored to the risks of cryptocurrency scams. This could not cover all possibilities or iterations of such scams, but could have covered off the main features. Such as where investment opportunities are being promoted on social media, often involving (apparent) celebrity endorsement; receiving unsolicited opportunities which are too good to be true; and the use of remote access software.

The scam Mr F fell victim to didn’t meet most of the more common hallmarks. While he arguably was approached unexpectedly about an investment opportunity, when his bank asked him if that had occurred, he said it hadn’t. He has told us this is because he didn’t see the contact as unexpected, given he was already in a group with the individual. He has also told us he thought the firm was FCA regulated. In those circumstances, I’m not persuaded a tailored warning about such scams would have struck Mr F as relevant to what he was doing.

As Mr F went on to continue sending significant sums to the scam through a high velocity of payments, I do agree there came a point when Revolut should also have spoken to Mr F directly about what he was doing – to further assess the fraud risk. However, I agree with our investigator it still appears unlikely that, by doing so, the scam would have been uncovered.

That is because Mr F's bank questioned him several times about payments he was sending on to the scam – including some being sent on to Revolut, and some to his cryptocurrency wallet. Despite asking relevant questions of Mr F, and setting out scenarios relevant to the scam he fell victim to, the way Mr F responded did not, in my view, make it clear he was at risk from fraud.

For example – if Revolut had asked Mr F if anyone had contacted him about the investment, and/or was guiding him on what to do, I think he would have answered 'no'. This is because that is how he responded when his bank asked this question; he stated he was acting independently. His bank explained there were scams where people set up genuine cryptocurrency accounts but were offered help or guidance on what to do. It said not to proceed if anyone was trying to help or instructing him.

As Mr F responded to these questions and warnings to confirm they didn't apply, and he was aware of the risk of such scams, I'm not persuaded further intervention by Revolut would have uncovered the scam.

Overall, I'm not persuaded Mr F would have divulged the involvement of the third party guiding him – which I consider to have been the key point which would have alerted a firm such as Revolut to the risk of fraud. Nor does it appear he was likely to have heeded warnings from Revolut about the risks if a third party was involved. I am therefore not persuaded Revolut holds liability for failing to prevent the scam from occurring. As the funds were sent on via Mr F's own cryptocurrency wallet, and then on to the scam, nor do I think Revolut could have recovered the funds.

In making this finding, I have taken into account Mr F's circumstances. I understand they rendered him more vulnerable to this scam. This was a sophisticated scam, using a mix of (what appeared to be) convincing-looking software/technology, as well as social engineering. However, I am not persuaded Revolut was on notice of anything about Mr F's circumstances which meant it should have known to provide a different level of support.

I appreciate this will be disappointing for Mr F. But having carefully considered all the circumstances, I'm not persuaded it would be fair to direct Revolut to refund the losses Mr F is seeking.

### **My final decision**

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 16 August 2024.

Rachel Loughlin  
**Ombudsman**