

The complaint

Mr T complains that Revolut Ltd did not refund a series of payments he lost to a scam.

What happened

Mr T found an investment opportunity on social media and was added to a group led by two individuals. He was convinced to invest in a certain cryptocurrency coin, and the group would buy and sell when instructed to affect the market and gain returns. Mr T was initially cautious and eventually signed up to the plan put forth by the group leaders. Mr T was guaranteed there would be no loss and he would receive returns of 260% to 500% on his investment.

Mr T continued to invest and was able to build up his returns. However, before he was able to withdraw his funds, he had to pay a \$20,000 service fee to one of the group leaders. Once this was paid, he had to pay taxes on the funds before they would be released. He then realised he had been the victim of a scam. Mr T made the following payments from his Revolut account towards the scam:

Date	Amount
26/10/2023	£500
31/10/2023	£1000
31/10/2023	£500
06/11/2023	£162.05
07/11/2023	£6,590.24
08/11/2023	£1,791.34
18/11/2023	£5,000
18/11/2023	£5,000

Mr T raised a scam claim with Revolut and raised 8 chargeback claims. Revolut issued a final response letter explaining they could not process the chargeback claims, as Mr T had legitimately purchased cryptocurrency from a genuine company. As the merchant had provided the services Mr T requested, they had no grounds to raise a chargeback. They also did not agree to reimburse Mr T with the funds he lost to the scam.

Mr T referred his complaint to our service and our Investigator looked into it. They felt a tailored warning should have been provided for the payment of £6,590.24, but they could see one had been provided for an attempted payment the day prior. As this did not prevent Mr T from making further payments at that time, they did not think a tailored warning the day afterwards would have changed this. They felt a staff intervention was warranted on 18 November. However, as there was a good intervention from a third-party bank I'll call 'B' for a payment that went to the scam on 1 December which did not reveal the scam, they felt it was unlikely an intervention by Revolut prior to this would have done so either. So, they did not think Revolut needed to reimburse Mr T in the circumstances.

Mr T's representatives disagreed with the outcome. In summary, they felt the intervention by B was not sufficient, so did not think this should be used as a measure for how a warning from Revolut would have been received by Mr T.

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.

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.

Here it's not in dispute that the payments were authorised, so the starting position is that Revolut isn't liable for the transactions. There are, however, some situations where we believe that businesses, taking into account relevant rules, codes and best practice standards, shouldn't have taken their customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Revolut also has a duty to exercise reasonable skill and care, pay due regard to the interest of its customers and to follow good industry practice to keep customer's accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Revolut acted fairly and reasonably in its dealings with Mr T. I'd like to assure Mr T and Revolut that I've reviewed the complaint really carefully in light of all of this. I'm really sorry to disappoint Mr T, but in this case I'm not able to recommend that Revolut should be required to provide him with a refund.

I recognise that he made the payments as a result of fraud and I'm really sorry he lost this money. But having looked into what happened, I don't think Revolut should reasonably have been expected to prevent this.

For the first four payments, they were of a relatively low value, and in line with previous genuine payments Mr T had made to cryptocurrency exchanges. So, I don't think they warranted intervention. I think the fifth payment of £6,590.24 did warrant a tailored warning about cryptocurrency scams, due to its increased value. And I think there should have been an in-app chat on 18 November when Mr T made a total of £10,000 in card payments to a cryptocurrency exchange. This is because at that point, I think they should have had concerns Mr T may be at risk of financial harm. It was a relatively high amount to pay in one day for cryptocurrency and while the pattern of payments was not that high, there had been a slow steady increase in payments to cryptocurrency.

Based on the circumstances of the transactions as I've explained above, I'm persuaded that Revolut ought to have identified that Mr T was at risk of financial harm from fraud, and it should have done more to establish the circumstances surrounding the £6,590.24 payment and the payments made on 18 November.

However, even if Revolut had done this, I'm satisfied that Mr T would have still wanted to go ahead with the payments. I say this because Mr T was given a tailored cryptocurrency on 6 November 2023 for an attempted payment of £1,303.74. This gave warnings that high returns in short periods are not guaranteed, to beware of social media promotions and that most cryptocurrency exchanges are not regulated. Mr T had found the investment

opportunity on social media and had been guaranteed significant returns in just a few months. I therefore think the tailored warning was relevant enough to Mr T's circumstances at that point, but it did not dissuade him from carrying on with payments related to the scam. I therefore think it is unlikely a tailored warning the following day would have meaningfully revealed the scam.

I've gone on to consider whether an in-person chat on 18 November 2023 would have revealed the scam. In doing so, I've considered a later intervention between Mr T and his account provider with a third-party bank, B. This intervention occurred on 1 December and Mr T was warned of scams found on social media. He was also warned that he should try and withdraw his funds before depositing more, and to check the company was registered at the Financial Conduct Authority. Despite this, Mr T went on to deposit more funds and it was not until later, when he had suffered losses under the investment that was meant to be zero risk, that I think a good intervention could have meaningfully revealed the scam.

With this in mind, I do not think an in-app chat on 18 November could have broken the spell of the scammer. As explained above, I do not think Mr T would have been receptive at that stage to a tailored warning. It follows that I do not think Revolut needs to reimburse Mr T in the circumstances.

I want to acknowledge that Mr T has been the victim of a cruel scam and I'm sorry he lost this money. But for the reasons I've explained, I think Revolut acted fairly and reasonably in its dealings with Mr T, so I won't be asking it to refund him.

I've also looked at whether Revolut took the steps it should have once it was aware that the payments were the result of fraud. Revolut has correctly set out that they were unable to raise a chargeback claim for the card payments. The chargeback scheme is voluntary and run by the card issuers and not Revolut. Its purpose is to resolve disputes between merchants and consumers. In this case, Mr T's dispute is with the scammer and not the merchant, and I note the merchant has provided the service paid for, namely the purchasing of cryptocurrency. So, I agree there was no grounds for Revolut to raise a chargeback claim in the circumstances.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 1 April 2025.

Rebecca Norris
Ombudsman