

The complaint

Mr P complains that Revolut Ltd ('Revolut') won't refund the money he lost after falling victim to a scam.

What happened

Mr P found an advertisement for cryptocurrency investment on a social media platform through a company I'll refer to as F. The advertisement was recommended by a person Mr P had seen on television. Mr P called the phone number on the advert and provided his contact information. Unfortunately, this was a fake advertisement and an investment scam.

Mr P says an account was opened for him with a cryptocurrency exchange, which he didn't have control over. He says that he was given a login for a platform run by F, where he could see live trading information and the balance of his investment. Initially Mr P invested £250 from an account held with another bank.

After a few months, Mr P had seen his trades earn him a profit and decided to invest further. Mr P was recommended to open a Revolut account in order to make his payments and was persuaded to download screen sharing software so the account manager could show him what to do.

These are the payments that Mr P made from his Revolut account, as part of the scam. The payments in *italics* were blocked by Revolut.

Date	Pmt no	Details	Amount
12.6.2023		Mr P opened his Revolut account	
14.6.2023	1	Card payment to cryptocurrency exchange B	£1,000.00
14.6.2023	2	Card payment to cryptocurrency exchange B	£1,200.00
16.6.2023		<i>Card payment to cryptocurrency exchange B - declined</i>	£1,900.00
17.6.2023		<i>Card payment to cryptocurrency exchange B - declined</i>	£1,500.00
17.6.2023		<i>Card payment to cryptocurrency exchange B - declined</i>	£1,000.00
12.7.2023		<i>Card payment to cryptocurrency exchange B - declined</i>	£1716.77
12.7.2023	3	Bank transfer to M – an individual	£2,000.00
17.7.2023	4	Bank transfer to Z – an individual	£3,000.00
21.7.2023	5	Bank transfer to M2 – an individual	£7,000.00
25.7.2023	6	Bank transfer to I – an individual	£10,000.00
27.7.2023	7	Bank transfer to V – an individual	£4,000.00
31.7.2023	8	Bank transfer to D – an individual	£14,000.00
7.8.2023		<i>Card payment to cryptocurrency exchange B - declined</i>	£1,500.00
7.8.2023	9	Bank transfer to M3 – an individual	£3,000.00

Mr P says when his account balance on the platform reached £200,000, he tried to withdraw some of the funds. He was told to make the withdrawal he would have to pay fees, taxes and commission. Mr P made the payments as requested. When he was asked to pay further costs, he realised it was a scam.

Mr P raised a fraud claim with Revolut in November 2023, asking that Revolut refund him. When Revolut didn't refund him, Mr P brought a complaint to our service.

An investigator looked into Mr P's complaint but didn't uphold it. The investigator referred to several different interventions that Mr P had with Revolut, saying it was unlikely that further intervention by Revolut would've prevented Mr P from making the payments or prevented his loss.

Mr P disagreed with the investigator's opinion and asked for an ombudsman to review his case.

Mr P raised the following points:

- The Revolut agents he dealt with didn't show any "due diligence of care" as per the FCA principles for business 2 and 7. They just went through a tick box exercise of asking questions.
- Opportunities to safeguard and protect Mr P were missed by Revolut.
- Revolut shouldn't have allowed payments to go through after their initial interactions with Mr P, when it was identified that he was potentially the victim of a scam.

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 deciding what's fair and reasonable, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

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.

However, Revolut should have been on the 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. And, 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.

I'm not satisfied that Revolut should have intervened on the first two payments that Mr P made to the cryptocurrency exchange. While this may be a large sum of money for Mr P, this was a new account with no previous account activity to compare the payments to. Also, there were only two payments, not a series of payments and I'm not satisfied that the value of the payments was high enough that Revolut should've been concerned.

However, I think Revolut acted appropriately by intervening on the next three payment attempts Mr P made. At this point a pattern had emerged and the total value of the payments had increased significantly.

As part of Revolut's intervention, they referred Mr P to their in-app chat and asked questions about the declined payments he was trying to make. The first questions Revolut asked included:

- Have you recently downloaded any screen sharing application?
- Were you advised to create a Revolut account after learning about an investment opportunity advertised on social media?
- Have you received any unsolicited calls or messages recently telling you, you need to move your money to a safe account or to create a Revolut account for investment purposes?
- Are you buying cryptocurrencies?

Mr P replied no to the first three questions and answered yes to the last one. So, Revolut asked some follow up questions, including whether Mr P had access to the cryptocurrency account that he was transferring funds to, and Mr P said he did. Mr P also told Revolut that he knew how cryptocurrency worked, had been trading for a year and found out about cryptocurrency through his own research.

Revolut warned Mr P he should only buy cryptocurrency from a reputable company and provided the following warning:

"Please take some minutes to read and acknowledge some red flags that can indicate that you are a victim of fraud:

- You're contacted out of the blue by phone, email or social media about an investment opportunity
- You're offered a high return on your investments with apparently little or no risk
- You cannot access your funds under the investment platform that was provided to you (make movements or withdraw the profits)
- You're requested to open an account under a cryptocurrency investment platform [example company names given] and to send the funds to that account
- You're requested to provide sensitive and personal information, such as your driving licence, selfie, identification document, among others
- You're asked to install screen sharing applications to "help" you with the movements
- You are being advised on how to reply to us on chat"

In response, Mr P said *"it sounds like I'm not the first person to be cheated this way. The details you have provided are almost exactly the same as my experience"*. Mr P also told Revolut that the person who was helping him to trade was telling him how to answer their questions.

As a result, Revolut didn't allow any further payments to be made to the cryptocurrency exchange, who I've referenced as B in the payment table, and blocked Mr P's account.

A couple of days later as part of their review, Revolut asked Mr P further questions through their in-app chat. This included whether he was still in touch with the person at F he'd told them about and whether the cryptocurrency wallet was in his control. Mr P confirmed that was the case and told Revolut that he didn't want to report any of the payments he'd made to the cryptocurrency exchange as fraudulent.

On 4 July 2023, Revolut talked to Mr P through their in-app chat as he was trying to make payments from his account, which was still blocked. They let Mr P know that the payments he was trying to make were most likely part of a scam. Mr P told Revolut that he was only trying to send funds to one of his other accounts.

Revolut asked a series of questions and Mr P told them he wasn't following instructions from a stranger, and reconfirmed that he was no longer in contact with the person at F. He also reconfirmed that he had full control of his cryptocurrency wallet and that he was able to withdraw funds from it.

Revolut provided Mr P with a number of different warnings, aimed at helping him to identify potential scams.

On 12 July 2023, Revolut unblocked Mr P's account and he tried to make a payment to the cryptocurrency exchange (B) – which was blocked. As a result, Mr P changed from making payments to the cryptocurrency exchange, to buying cryptocurrency from individual sellers – which are payments three to nine in the table above.

Should Revolut have intervened from payment three onwards?

I'm not satisfied that Revolut should've intervened on payments three and four, based on the information that was available at the time Mr P made the payments. The values of the payments weren't sufficiently high, nor were the payments made so close together that I think Revolut should've identified a scam risk. As Mr P was purchasing cryptocurrency peer-to-peer, it wouldn't have been obvious that his payments related to cryptocurrency.

But, when Mr P made payment five, Revolut should've been concerned and intervened. The value of the payment was significantly more than the previous payments. At that stage, I think an appropriate intervention would've been for Revolut to provide Mr P with a written warning that covered general scam risks – which Revolut says it did. I appreciate that Mr P may feel that Revolut should've referred him back to their in-app chat at this point, however I think even if they had it wouldn't have made a difference and I'll explain why later.

When Mr P made payment six, I think Revolut should've intervened again and should have referred Mr P to the in-app chat to ask questions about the payment he was making. At this stage a pattern had formed with payments of increasing value made only a couple of days apart. Also, Mr P had set up four new payees in a relatively short space of time. So, I think Revolut should've identified a scam risk and directed Mr P to the in-app chat to discuss his payments.

I also think payment eight warranted intervention, for the same reasons as payment six, and Mr P should have again been referred to in-app chat to answer questions about the payments.

Would intervention by Revolut have made a difference and prevented Mr P's loss?

While I think Revolut should've intervened on payments five, six and eight, I'm not satisfied that I can safely conclude that intervention would've made a difference and prevented Mr P's loss.

I say this based on the answers Mr P gave Revolut in order to get his account unblocked. He was very clear in telling them he had control over his cryptocurrency wallet, although he has told our service that he didn't have control over it, and that he was no longer in touch with the person at F. Having read the messages between Mr P and Revolut, it's clear that Mr P was determined to get his account unblocked so that he could make further payments to the

investment, despite earlier having told Revolut that he recognised he was the victim of a scam, and Revolut warning Mr P that they thought he was the victim of a scam on several different occasions.

Mr P denies the discussion with Revolut through their in-app chat, saying he only had to send pictures of himself in order to unblock his account, but this is inconsistent with the chat history evidence that Revolut have provided to our service. I also have to take into account that Mr P says he was so taken in by the fraudsters that he followed their instructions blindly and would've done anything they told him.

Based on the chat that Mr P had with Revolut, I'm satisfied that Revolut intervened appropriately (prior to payment three) and asked the type of questions I would expect in order to try and identify if Mr P was the victim of a scam. When they believed Mr P was making payments as the result of a scam, Revolut acted reasonably in blocking Mr P's account as well as blocking all payments to the cryptocurrency exchange - B. Revolut only unblocked Mr P's account when he assured them that he was no longer in contact with the scammer.

Also, when Revolut blocked payments to the cryptocurrency exchange, Mr P chose to buy cryptocurrency peer-to-peer, in an attempt to bypass Revolut's fraud detection system.

While I don't think Revolut intervened as they should've on payments five, six and eight, I'm not convinced that there is anything further that Revolut could've done to prevent Mr P from making the payments or to have prevented his loss. I think it's more likely than not, whatever questions Revolut had asked Mr P he would've answered them in a way that ensured the payments went through. And, I'm not satisfied that it is reasonable to expect Revolut to have left the block on Mr P's account and not allowed any further payments to be made.

I'm really sorry that Mr P has lost such a large sum of money as a result of the scam, but I'm not satisfied that I can fairly hold Revolut liable for his loss or ask them to refund him.

My final decision

My final decision is that I don't uphold this complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 5 November 2024.

Lisa Lowe
Ombudsman