

## The complaint

Mr H complains that Revolut Ltd didn't do enough to protect him when he fell victim to a scam.

## What happened

Between February and April 2023, Mr H made multiple debit card payments to a scammer, believing he was investing his money, resulting in a loss of over £21,000.

Having realised he'd been the victim of a scam, Mr H complained to Revolut. But Revolut didn't uphold his complaint. It said it had displayed a warning when a payment was being made to a new beneficiary and that it didn't consider it was at fault for processing the authorised payments.

Unhappy with this, Mr H complained to our Service via a representative. He felt that Revolut had failed to intervene and ask probing questions about the payments.

Our investigator considered this complaint. She initially upheld the complaint in part, suggesting that payments made from 15 March 2023 – when £4,500 was paid – should be fully refunded, less any credits. This was on the basis that the payment on this date was significantly higher than previous transactions and she felt a specific written warning about the risk of cryptocurrency investment fraud should have been provided. Revolut initially agreed in part and made an offer of a 50% refund from the suggested payment, less any subsequent credits Mr H had received. Mr H declined this offer.

Following further investigation, our investigator ultimately didn't think the complaint should be upheld. She maintained that there should have been an intervention at the time of the payment on 15 March 2023. But she concluded that an appropriate tailored written warning wouldn't have been enough to have uncovered the scam or prevented Mr H's loss. She noted that Mr H's family member had become involved in the same scam, having been introduced to it by him. And she noted the inaccurate responses given by this family member when a third-party bank intervened. She also noted communication between the scammer and Mr H, about him and his family member, which appeared to suggest both were being coached by the scammer to give misleading answers to Revolut. So she concluded that Revolut wasn't responsible for the losses – and she didn't think it could reasonably have recovered the funds.

Mr H disagreed with this outcome, so the complaint has been passed to me to decide. I got in touch with Mr H, via his representative, informally to let him know how I was minded to proceed – which was largely to agree that Revolut shouldn't be held liable – and to find out specifically what he disagreed with.

Mr H, in summary, didn't feel there was enough evidence to suggest what he would have said had Revolut intervened. And he doesn't feel it fair to conclude that he would have approached the intervention in the same way as his family member did. He noted that an intervention by Revolut would have given him an opportunity to discuss this with his family member and allowed them to think logically. But that the failure to intervene had caused the

loss.

So I'll now proceed to formalise my 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.

Having done so, I won't be upholding this complaint – I'll explain why.

Broadly speaking, the starting position 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 2017 and the terms and conditions of the customer's account.

It isn't in dispute that Mr H authorised the transactions in question. He is therefore initially presumed liable for the loss. However, Revolut is aware, taking longstanding regulatory expectations and requirements into account, and what I consider to be good industry practice at the time, that it should have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

Based on this, though payments were being made to a legitimate cryptocurrency provider, I would have expected Revolut to have intervened. I'd expect it to have provided a tailored written warning relevant to cryptocurrency investment scams on 15 March 2023 – as concluded by the investigator. This is with consideration to the amounts involved and the frequency of the payments (that were relatively spread out once the amounts start to become more significant). I don't consider that this payment necessitated a human intervention.

However, I also conclude that a tailored written warning wouldn't have uncovered the scam or prevented Mr H's loss. I say this because I'm satisfied that Mr H was under the spell of the scammer and very much convinced of its legitimacy. So much so, I don't think he would have taken heed of a tailored written warning – I'll explain my reasoning behind this.

Firstly, I do think it's relevant to factor in Mr H's family member. Mr H was persuaded by the scammer to the extent that he was willing to recommend the purported investment to his family member too. And a message chain between the scammer and the family member states:

*"It's a long explanation, I've explained it to [Mr H], but basically they will ask you about 10,000 questions if you even mention that you're working with someone..."*

From this, it seems reasonable to conclude that the scammer had suggested to Mr H that if Revolut were to ask him questions about whether he was investing with help from someone that he should deny it. But, while we know that there wasn't a conversation with Revolut, the suggestion that Mr H should conceal information from the business seemingly didn't deter him or lead to him cautioning the family member.

I've also seen from Mr H's own communication with the scammer that he was told not to select 'cryptocurrency' as the reason for opening his account, despite this being the reason for the account. And he was told to make sure his family member *"makes [their] income a little bit higher"* and decrease the number of dependents to make sure they could obtain a loan to continue investing in what we now know to have been the scam. Furthermore, when taking out a loan to fund his own 'investment', Mr H gave 'home improvements' as the

reason for the loan.

So, it's clear from all of this that Mr H wasn't dissuaded by the need to provide false information, or to suggest to his family member that they should. I recognise that Mr H and his family member are two separate individuals, and it doesn't necessarily follow that the actions of one would be mirrored by the other. But Mr H's trust in the purported investment seems to have led to his family member placing similar trust in it too. All of this leads me to conclude that Mr H would most likely have been willing to mislead Revolut if questioned. So I find it unlikely he would have been deterred by a tailored written warning – as I'm satisfied he was too far under the spell of the scammer and truly believed this to be a genuine investment.

I'm very sorry that Mr H has been the victim of such a cruel and manipulative scam. But for the reasons I've explained, I don't think it would be fair or reasonable to hold Revolut liable for his losses.

### **My final decision**

For the reasons given, I don't uphold this complaint.

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

Melanie Roberts  
**Ombudsman**