

The complaint

Mr B complains that Revolut Ltd (Revolut) is refusing to refund him the amount he lost as the result of a scam.

Mr B is being represented by a third party. To keep things simple, I will refer to Mr B throughout my decision.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mr B's friend appeared to be making money investing so Mr B searched online for a similar investment opportunity and came across a business I will call "X" on social media. X's website looked professional, so Mr B sent X an email expressing his interest. Meanwhile Mr B carried out online searches on X online and says everything appeared legitimate.

Mr B then received a call from X who explained the investment opportunity in more detail and explained that Mr B could choose to place trades himself or have an account manager place trades for him but that a commission would be charged. As Mr B had limited investment experience he chose to have an account manager work on his behalf.

As part of the investment process Mr B was required to download screensharing software and was guided to open accounts with Revolut, X's trading platform, and various cryptocurrency exchanges.

Mr B initially made relatively small payments in relation to the scam but was persuaded by X that a larger payment was needed before he was able to withdraw from the investment. Mr B made the payment that he funded by taking a loan.

After making the payment Mr B was asked to make further payments in relation to fees that he had previously been told would not be applied. Mr B didn't pay the fees and instead agreed to make two further payments to release his funds.

Even when Mr B had paid the agreed amounts, he was unable to withdraw from the investment and realised he had fallen victim to a scam.

Mr B made the following payments in relation to the scam:

Table 1 - Payments made from Mr B's account to purchase cryptocurrency that was later sent to the scammer:

<u>Payment</u>	<u>Date</u>	<u>Amount</u>	<u>Exchanged to</u>
1	2 August 2023	£2,600	BTC
2	23 August 2023	£2,000	BTC
3	25 August 2023	£2,000	BTC

Table 2 - Payments Mr B made to a cryptocurrency exchange that were then forwarded as part of the scam:

Payment	Date	Payee	Payment Method	Amount
1	11 July 2023	P2P 1	Debit Card	£500
2	12 September 2023	P2P 2	Transfer -Blocked	£5,000
3	12 September 2023	P2P3	Transfer -Blocked	£5,000
4	12 September 2023	P2P3	Transfer -Blocked	£5,000
5	12 September 2023	P2P3	Transfer -Blocked	£5,000
6	12 September 2023	P2P3	Transfer -Blocked	£5,000
7	12 September 2023	Hifinance Simplex	Transfer	£3,000
8	13 September 2023	Hifinance Simplex	Debit Card	£5,000
9	13 September 2023	Hifinance Simplex	Debit Card - Blocked	£11,000
10	14 September 2023	Hifinance Simplex	Debit Card - Blocked	£11,000
11	14 September 2023	Hifinance Simplex	Debit Card - Blocked	£11,000
12	20 September 2023	P2P 4	Transfer	£52,000
13	5 December 2023	Moonpay	Debit Card	£3,500
14	5 December 2023	Moonpay	Debit Card	£300

Our investigator considered Mr B's complaint and didn't think it should be upheld. Mr B disagreed so this complaint has been passed to me to decide.

What I can and can't look into in relation to this complaint

Our service can't consider all complaints that are referred to us. The rules under which we operate are set out in the Financial Conduct Authority's Handbook and are collectively known as the DISP rules. We can only consider complaints that fall within our jurisdiction, in line with these rules.

Particularly relevant to Mr B's complaint is DISP 2.2 which states:

"DISP 2.2: Which complaints can be dealt with under the Financial Ombudsman Service?
2.2.1 The scope of the Financial Ombudsman Service's two jurisdictions depends on: (1) the type of activity to which the complaint relates..."

Those activities are then listed in DISP 2.3 (although I will not list all of them here). We can only consider complaints that relate to an act or omission by a financial business in carrying out one or more of the activities listed in DISP 2.3.

Cryptocurrency isn't electronic money or fiat currency according to the Financial Conduct Authority. Instead, it classifies cryptocurrency, and similar cryptocurrency-assets, as 'exchange tokens'. The operation of cryptocurrency services isn't currently regulated by the financial regulator in the UK.

There are no activities listed in DISP 2.3 which would cover the activity this part of Mr B's complaint relates to – namely, withdrawing the cryptocurrency and sending it on to the scammer. And so, I don't think his complaint in relation to the cryptocurrency payments relates to an activity covered by us.

I am mindful that Mr B deposited fiat currency to his Revolut account and then exchanged this into the cryptocurrency which was withdrawn and ultimately lost to the scam. But the sending of the cryptocurrency was provided separately from the provision of Mr B's main e-money account. In the circumstances, I don't consider Revolut's provision of sending cryptocurrency services to be sufficiently closely linked to its provision of payment services to Mr B (through the provision of his e-money account) that it should be deemed ancillary to this. So, I'm satisfied that this service is unable to investigate the withdrawal of cryptocurrency here.

What I can look at, is whether Revolut should have intervened when the deposits into Mr B's account were made and when the funds were converted into crypto for the payments in table 1. I can also look at the payments in table 2 in their entirety, as they were normal payments to a crypto exchange.

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.

It has not been disputed that Mr B has fallen victim to a cruel scam. The evidence provided by both Mr B and Revolut sets out what happened. What is in dispute is whether Revolut should refund the money Mr B lost due to the scam.

Recovering the payments Mr B made

The payment Mr B made in table 1 were made to purchase cryptocurrency that was later sent to X. There is no dispute that cryptocurrency was provided in exchange for the payments Mr B made so Revolut would not have any reasonable options available to it to recover the payments.

The payments Mr B made in table 2 were again made in exchange for cryptocurrency that he then forwarded to X. I can see from the evidence provided that Revolut did attempt to recover the payments via the chargeback process and via contacting the recipients of the transfer payments, but this was unsuccessful.

Considering Mr B again received cryptocurrency in exchange for the payments he made in table 2, that was then forwarded to X, I don't think Revolut had any reasonable options available to it to seek recovery of the payments Mr B made.

Should Revolut have reasonably prevented the payments Mr B made?

It has been accepted that Mr B authorised the payments that were made from his account with Revolut, albeit on X's instruction. So, the starting point here is that Mr B is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether Revolut should have been aware of the scam and intervened when Mr B made the payments. And if it had intervened, would it have been able to prevent the scam taking place. I will look at each type of payment in turn.

Deposits

In general, I wouldn't expect Revolut to have concerns about deposits being made into a

customer's account and interventions to take place Unless they had money-laundering concerns which it didn't have in on this occasion. So, I don't think it was unreasonable that Revolut didn't intervene when payments were made into Mr B's account.

Exchanges to cryptocurrency within the Revolut platform

These exchanges were made over several days and weren't individually for such a value I would expect Revolut to have cause for concern that Mr B might be falling victim to a scam.

So, I don't think it was unreasonable that Revolut did not intervene when the exchanges were made.

Payments directly to a cryptocurrency exchange

I don't think payment 1 was significantly high in value that it would have given Revolut cause for concern that Mr B might be at risk of financial harm.

Revolut has confirmed that its systems blocked payments 2-6 as the values exceeded their security transfer limits. I think this was a reasonable response when these payments were attempted.

When Mr B made payment 8 he was making a higher value payment to a known cryptocurrency exchange I think this should have caused Revolut to have concerns, and it should have provided a proportionate intervention. I think a proportionate intervention would have been for Revolut to have provided a warning tailored to cryptocurrency investment covering some of the key common features associated with cryptocurrency investment scams. But I don't think this would have made a difference. I will explain why.

When Mr B attempted payments 9-11 a conversation between Mr B and Revolut took place via Revolut's in app chat facility.

Mr B was asked to read through some red flags that could indicate he was falling victim to a scam. This included:

- You're contacted out of the blue by phone, email or social media about an investment opportunity -You're offered with 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.
- 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.

Revolut also advised Mr B that if anyone is offering him advice that he should check they should be FCA regulated and provided a link to check this.

Most of the red flags identified by Revolut and explained to Mr B were relevant to his situation and I think the information provided to him should have caused him concern. He had found the investment via social media and it appeared to be offering very high returns, later in the scam when he tried to withdraw funds he was not able to, he had been requested to open several accounts including cryptocurrency accounts, he had provided personal information, he had downloaded screensharing software, and I think it's likely he was being told how to answer Revolut's questions.

Despite so much of this scam warning applying to the circumstances of Mr B's payments he simply responded with:

"I am fully aware, and I appreciate your concern, but this is none of the above".

Mr B was clearly not being honest when he provided this response.

Later in the scam Mr B made payment 12 for the much larger value of £52,000 I think this should have prompted Revolut to intervene again and an appropriate intervention would have been for Revolut to have directed Mr B to its in-app chat facility to discuss the payment further.

While Revolut did not discuss the payment with Mr B, he was required to complete a questionnaire about the payment that asked specific questions about it.

The first screen Mr B was presented with stated:

'Something doesn't look right; your transaction has been flagged as a potential scam. To continue we need to ask you some questions.'

The next screen stated:

'Please answer truthfully, if you are being scammed the fraudster may ask you to hide the real reason for this payment. '

Mr B then agreed to the statement:

'I may not be able to get my money back if I do not answer the following questions truthfully'.

Mr B then went on to confirm that:

- He was making the transfer as part of an investment.
- The investment was in real estate.
- He had not been asked to install any software.
- He did not discover the opportunity through social media.
- He had researched the company.

Although Mr B gave incorrect answers when he completed the questionnaire, he was still presented with several warning screens. They stated the following:

'This could be an investment scam Stop, investment scams promise high returns in short periods of time and might even have professional-looking online platforms.'

'Beware of social media promotions, fraudsters use social media to promote fake investment opportunities. Read online review to make sure it's legitimate.'

'Don't give anyone remote access, Scammers will ask you to install software to view your screen. Uninstall software that gives someone else control.'

'Do your research, Legitimate investment companies are regulated, Search for it on the FCA register and check for negative reviews.'

Mr B has told us that Revolut should have done more to protect him and intervened further when he was making the payments in relation to the scam especially when he made a payment for a value of over £50,000. But while I agree Revolut should have done more I

don't think any further intervention would have made a difference.

It's clear from the responses Mr B provided in the questionnaire that he was willing to give false information and completely ignore the warnings Revolut provided to have the payment processed. This would have made it extremely difficult for Revolut to uncover the scam that was taking place.

I don't have enough to say that Mr B would have been any more honest with Revolut had it asked him any further questions or given him any further warnings than the multiple warnings it did provide.

With the above in mind, I don't think Revolut missed an opportunity to prevent the scam and it is not responsible for Mr B's loss.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 18 April 2025.

Terry Woodham
Ombudsman