

The complaint

Mr R complains Revolut Ltd won't refund the £3,712.91 he lost as part of a crypto investment scam.

Mr R is being supported in making his complaint by a representative, but for ease, I'll refer to Mr R throughout this decision.

What happened

Around September 2023 a friend and colleague of Mr R (who I'll refer to here as 'A') started investing with a company (which I'll refer to her as 'I'). Mr R has told us that he and 'A' had been friends and colleagues for over two years.

After eight weeks or so and having seen evidence from 'A' of successful returns on his investment, Mr R decided to invest. Before doing so, Mr R said he carried out his own due diligence checks on 'I' but found nothing untoward online or any regulatory warnings. Mr R said he also found 'I's website to be informative and credible and he was particularly impressed by 'I's use of artificial intelligence (AI) to enhance the trading process.

Mr R said that with the help of 'A', he set up an account with 'I'. He also set up an account with a legitimate crypto exchange (which I'll refer to here as 'S').

Mr R also set up an account with Revolut.

Mr R made the following card payments from his newly opened Revolut account, via 'S', as part of the investment:

Date	Amount
13 October 2023	£750
21 November 2023	£2,732.91
21 November 2023	£230
	£3,712.91

The first payment was initially declined by Revolut due to it identifying there to be a high risk of scam activity and so, Mr R was sent a warning about investment scams. Mr R proceeded to make the £750 payment.

Mr R said he became aware of concerns from other investors about being unable to withdraw their funds on 23 November 2023. Mr R said he then tried to make a withdrawal himself but was told he needed to pay £100. It was at this point Mr R said he realised he'd been the victim of a scam.

Mr R raised a complaint with Revolut, essentially saying it should've prevented his loss. Revolut said it had provided Mr R with an appropriate warning and had no reason to suspect he was being scammed. It therefore didn't believe it was responsible for Mr R's loss. Revolut raised a Visa chargeback claim to try and recover the lost funds, but this was unsuccessful.

Unhappy with Revolut's response, Mr R referred his complaint to the Financial Ombudsman. He wanted his money returned, together with 8% interest and £300 compensation.

One of our Investigators considered the complaint but didn't uphold it. In summary, she said Revolut's warning in relation to the first payment was proportionate and should've resonated with Mr R.

Our Investigator also thought there wasn't anything Revolut could do to recover the lost funds given Mr R had purchased crypto from 'S' – albeit as part of a scam. And she didn't think there was any justification for Revolut to provide Mr R with compensation.

Mr R disagreed and asked for an Ombudsman's final decision. He didn't think Revolut's warning in relation to the £750 payment went far enough; nor was it specific enough to crypto investment scams. Mr R said Revolut should've probed more deeply and spoken to him to fully understand the purpose of the payment. And if it had, Mr R thought his loss would've been prevented. Mr R also said:

'Had this intervention been provided by any other bank in the industry, [I] would have had a refund under the consumer duty. [I] cannot accept that Revolut should be treated differently under the duty'.

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 reached the same conclusion as our Investigator and for largely the same reasons. I'll explain why.

But first, I would like to say at the outset that if there is a submission I've not addressed; it isn't because I've ignored the point. It's simply because my findings focus on what I consider to be the central issues in this complaint – that being whether Revolut was responsible for Mr R's loss.

In line with the Payment Services Regulations 2017 (PSRs), the starting position is that Mr R is liable for payments he authorises – and Revolut would be liable for unauthorised payments taken from his account.

There has been no dispute that Mr R made the payments himself. So, although he didn't intend the money to go to the scammers, under the PSRs Mr R is presumed liable for his loss in the first instance.

In broad terms, the starting position in 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 PSRs 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 (including the Consumer Duty), I consider it fair and reasonable in October 2023 that 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;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- 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 crypto accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

Revolut did intervene in the first payment and provided Mr R with a scam warning. And so, the first point for me to consider is whether Revolut's intervention here was proportionate to the risk it identified. I then need to consider whether any further intervention by Revolut relating to this payment would've likely made a difference and prevented Mr R's loss.

I also need to consider whether the payments made on 21 November 2023 – taken either individually or collectively - were particularly unusual or suspicious to have required further intervention from Revolut.

Finally, I'll consider whether Revolut could've reasonably recovered the lost funds once it was alerted to the scam.

Was Revolut's intervention in the £750 payment proportionate?

Revolut has said that it asked Mr R what the purpose of the £750 payment was to which he replied, *'As part of an investment'*. He was then presented with the following:

- *'This could be an investment scam: 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 reviews to make sure its legitimate;*
- *Don't give anyone remote access: Scammers may ask you to install software like Team Viewer and Any Desk to view your screen. Uninstall such software at once;*
- *Do your research: Legitimate investment companies are regulated. Search for it on the FCA register and check for negative reviews;*
- *Don't be rushed: Take your time and speak with family and friends before making large investments. Say no if you're being pressured to invest.'*

Revolut has also said that Mr R confirmed he wasn't being *'prompted or guided'* and that it offered to speak to him through its chat function before proceeding with the payment.

Mr R essentially believes Revolut's warning should've been more specific to *crypto* investment scams; and that it should've probed more deeply into the reason for the payment. I've given this point careful thought.

As I've outlined above, at the time this payment was made, Revolut should've reasonably been aware of common scam scenarios – which included payments being made to crypto accounts as part of the scam, as was the case here. Revolut also knew that Mr R had recently opened the account for the purposes of: *'Scheduling payments: Vaults: Stocks: Crypto: Transfers'*. And it had initially declined the payment because of concerns it had of *'high risk of scam activity'*.

So arguably, Revolut's knowledge of the payment, combined with the concerns it identified which resulted in the payment being initially declined, should, in my opinion, have prompted Revolut to have asked Mr R questions *specific* to crypto investment scams.

But that said, I don't think the scam warning Revolut provided to Mr R was disproportionate to the risk it identified and was based on Mr R's stated payment reason (as part of an investment). This warning should, in my opinion, have still resonated with Mr R given the circumstances. I'll explain why.

The scam warning still refers to many hallmarks relating to crypto investment scams, for example, the promise of high returns, fake professional looking trading platforms, checking the FCA register and reviews, and being pressured to invest. All of which were relevant to Mr R's situation. He's said he carried out his own checks into 'I' and *'did not see any warnings on the FCA website and no negative reviews'*. Mr R has also said he was told invested funds *'doubled every 30 days or so'* – something Mr R should've questioned when

seeing Revolut's warning about investment scams promising high returns in short periods of time.

Mr R has also said he found 'I's website and trading platform to look credible. But Revolut's warning does say this could still mean the investment is a scam.

And so, whilst I think Revolut could've provided a more crypto investment scam specific warning to Mr R in relation to the £750 payment, I don't think, on balance, that the scam warning Revolut did provide was unreasonable. And I consider that it should still have resonated enough with Mr R given the situation he was in.

However, for completeness, I've also thought about whether *any* further proportionate intervention in the £750 payment would've made a difference and prevented Mr R's loss. But as I go on to explain, I don't think it would've done.

Would any further intervention by Revolut have prevented Mr R's loss?

For me to find it fair and reasonable that Revolut should refund the payments to Mr R, it requires more than a finding that it should've done more to intervene when the £750 was made. I would need to find not only that Revolut should've intervened where it ought reasonably to have done so — but crucially, I'd need to find that but for this failure the subsequent loss would've been avoided.

That latter element concerns causation. A proportionate intervention will not always result in the prevention of a payment. And if I find it more likely than not that such a proportionate intervention by Revolut wouldn't have revealed the £750 payment was part of a fraud or scam, then I couldn't fairly hold it liable for not having prevented it from being made.

I've thought very carefully about this point and taken account of all the wider surrounding circumstances to decide, on balance, what is most likely to have happened *if* Revolut had probed more deeply and warned Mr R about the risks of crypto investment scams before processing the £750 payment. And on doing so, I'm not persuaded that this would've made a difference and prevented Mr R's loss.

Firstly, it's not for me to dictate what Revolut's further probing would've looked like – but I'd expect it to include information specific to crypto investment scams. This could include things like; how the investment came about, doing research into the investment company, whether there was pressure to invest, whether someone was guiding the customer, and whether it had been possible to make withdrawals. I've thought about these points in turn and how they are likely to have resonated with Mr R.

Mr R wasn't contacted about the investment by chance. He was introduced by a friend and colleague who he worked closely with and had known for two years. What is even more significant here is that Mr R wasn't pressured into investing. He's told us he waited eight weeks before deciding to invest with 'I' – using that time to carry out his own due diligence checks into 'I'. Mr R has also said he was:

'... hesitant to invest in ['I'], however, ['A'] showed him evidence of funds being deposited into his bank account over a three month period. After seeing this, several times, [he] believed it was worth trying to invest ... especially after seeing some legitimate websites endorsing ['I']'.

Mr R has also told us that before he decided to invest, he carried out his own checks into 'I' – not just relying on the advice of 'A'. And that he:

'... did not come across any information that may have indicated to him that it was a scam instead he recalled finding reputable national magazines promoting ['I'], which further reassured [him] this was a genuine investment platform'.

Mr R also said that he saw a large presence for 'I' on social media and that it held online seminars and events. He also checked Company's House and the FCA website and had no concerns. Mr R said that 'A' sent him a 'referral link' and that:

‘... he decided to download the App with the assistance of [‘A’] and create an account. As this was on the legitimate App Store, [he] had the impression only certified apps could be on there and therefore, was happy to proceed’.

There was a third party guiding Mr R (‘A’). But this was a trusted friend and colleague. There is also some evidence to suggest that ‘A’ might’ve funded part of Mr R’s investment. Mr R was also part of WhatsApp groups where he was put in contact with the scammer. But this didn’t seemingly give Mr R any cause for concern. He said there were many participants in the WhatsApp groups which provided him with:

‘... some comfort as he was under the impression that many users were participating and as many were successful, that he would be too’.

A clear hallmark of a crypto investment scam is the inability to make withdrawals without paying a fee. In Mr R’s case, he suspected something was wrong when he became aware that other investors couldn’t get their funds, and when he was then asked to pay a fee to release his. But this was some time *after* the £750 payment had been made and there’s no suggestion Mr R had any concerns about being able to make withdrawals until after all his payments had been made.

All this suggests to me that it’s more likely than not, on balance, that Mr R would’ve proceeded with the £750 payment – even if Revolut had probed more deeply into the payment and alerted Mr R to the risks involved in crypto investments and the checks he should make. Mr R was clearly fully invested in the process – and the evidence I’ve seen suggests to me that *any* concerns Mr R might’ve had on receiving warnings from Revolut are more likely than not to have been allayed by way of his own research or by seeking reassurance from ‘A’.

I don’t therefore believe that *any* further intervention by Revolut in relation to the £750 payment, would’ve likely prevented Mr R’s loss.

Should Revolut have intervened in the payments made on 21 November 2023?

When considering this point, I’ve kept in mind that EMIs process high volumes of transactions each day, and that there is a balance for Revolut to find between allowing customers to be able to use their accounts and questioning transactions to confirm they’re legitimate.

Firstly, Revolut had declined the first payment; but based on Mr R’s decision to proceed and him not then disputing the payment or raising a fraud claim; Revolut, at that time, had no reasonable basis to believe Mr R was falling victim to a scam.

The second payment (£2,732.91), whilst higher in value than the first, was made more than a month later and was to the same payee. The third payment, whilst made on the same day as the second, is even less than the first payment. This is all contrary to the pattern we often see in crypto investment scams, and the combined amount of payments two and three wasn’t of a value I’d expect Revolut to be concerned about.

I’m also mindful that Revolut customers often use their accounts for legitimate crypto investment purposes – and that Mr R specifically picked ‘*crypto*’ as part of his account opening reason.

So overall, I don’t think Revolut would’ve had any obvious reason to flag the second and third payments made by Mr R as suspicious.

Did Revolut do enough to try and recover the lost funds?

I’ve considered whether Revolut could reasonably have done anything more to recover Mr R’s losses, but I don’t think it could.

Mr R authorised the payments and it’s not in dispute that the payments were made to ‘S’, a legitimate crypto exchange, rather than to the scammer directly. And Mr R would’ve received

a service from 'S' which involved changing his payments into crypto before sending it to the scammer.

Mr R's disagreement is with the scammer, not the crypto exchange. As such, I'm satisfied any attempt to dispute the transactions through the card scheme would've likely been successfully defended by 'S', on the basis that it provided the service Mr R paid for – the exchange of money into crypto. So, I don't think there was any reasonable prospect of Mr R recovering his money this way.

I have a great deal of sympathy for Mr R and the loss he's suffered, as I appreciate it is a significant sum of money. But it would only be fair for me to direct Revolut to refund his loss if I thought it was responsible – and I'm not persuaded that this was the case. For the above reasons, I think Revolut has acted fairly and so I'm not going to tell it to do anything further.

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 R to accept or reject my decision **before 4 October 2024**.

Anna Jackson
Ombudsman