

The complaint

Mr L is unhappy that Revolut Ltd won't refund money he lost as a result of an investment scam.

What happened

Mr L was the victim of an investment scam. In summary, he met someone through online dating, who encouraged him to invest in a pre-sale cryptocurrency coin through a platform that I'll refer to as P. He was told that her family member had inside information on the coin and that he'd make a significant profit.

To invest, Mr L originally tried to send money from his TSB account to a cryptocurrency exchange. But TSB explained they didn't support cryptocurrency-related payments. So Mr L sent money from his TSB account to Revolut. From there, he made payments to a cryptocurrency exchange, where his money was exchanged and sent to what Mr L thought was P, the platform where he could purchase the new coin. P was in fact a fake platform and Mr L's funds ended up in a fraudster's hands.

When Mr L wanted to withdraw, they asked him to send more cryptocurrency for various 'fees'. After paying some of these and still not receiving the expected withdrawal, Mr L said he realised he'd been the victim of a scam.

While Mr L did experience some issues making the payments from Revolut to the cryptocurrency exchange, it doesn't appear these happened because Revolut was concerned he was at risk of fraud. Instead, he was told it was likely problems with the card details he entered or the merchant.

Mr L reported the scam to Revolut in January 2023. It declined to refund his losses and didn't uphold his complaint. In summary, it explained why a chargeback claim wasn't successful. Still unhappy, Mr L brought his concerns to us to investigate.

For reference, I've included a table below that details the payments Mr L has disputed:

Ref	Date and Time	Description	Amount
1	8 August 2022 15:04	Card Payment to 'Simplex_etorox'	-£2,010.00
2	13 August 2022 06:41	Card Payment to 'Simplex_etorox'	-£3,000.00
3	14 August 2022 12:49	Card Payment to 'Simplex_etorox'	-£3,500.00
4	15 August 2022 18:23	Card Payment to 'Simplex_etorox'	-£3,000.00
-	17 August 2022 08:43	Card Payment to 'Simplex_etorox' - Declined	(£2,140)
-	17 August 2022 11:34	Card Payment to 'Simplex_etorox' – Reverted	(£2,140)
-	17 August 2022 17:57	Card Payment to 'Simplex_etorox' - Reverted	(£2,130)
5	21 August 2022 10:26	Card Payment to 'Simplex_etorox'	-£2,639
6	21 August 2022 11:53	Card Payment to 'Simplex_etorox'	-£106
7	21 August 2022 12:28	Card Payment to 'Simplex_etorox'	-£1,000.00
8	22 August 2022 05:53	Card Payment to 'Simplex_etorox'	-£194.00

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.

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, I consider it fair and reasonable in August 2022 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).
- in some circumstances, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment.

With this in mind, I've considered whether Revolut ought to have taken a different approach to the payments Mr L made as part of the scam.

I've carefully reviewed the circumstances of the payments. I've reflected on how Mr L was using this new account for what he said he would when he opened it – 'crypto' and 'transfers'. And how the initial payments were neither particularly significant in value nor frequency – and how Revolut didn't have any account history to compare it to. I've also considered that while they went to a cryptocurrency exchange, at the time they were made in 2022, I think it was reasonable for Revolut to consider a range of factors when deciding if he was at risk. And given the overall account usage, the values of the payments and the frequency, I don't think it initially appeared that Mr L was at a heightened risk of financial harm.

However, I think the situation changed as Mr L continued to make payments. It could be said, as our investigator did, that Revolut ought to have been concerned when Mr L attempted payment 3, given the pattern that was emerging – the payments were going up as was the frequency. But ultimately, for reasons I'll come to, I don't think it's necessary to decide exactly when Revolut ought to have been concerned – instead, I'm satisfied it's enough to establish that the risk had increased and that Revolut ought reasonably to have responded to that.

This leads me to the question of what a proportionate response would've looked like in light of this increased risk. In deciding this, I've considered how many payments like these will be genuine, and that Revolut has a duty to make payments promptly, as well as what I consider to have been good industry practice at the time.

With this in mind, I'd have expected Revolut to have asked what the payment was for from a limited list of options. Those options ought to have included 'investment' and possibly 'purchasing cryptocurrency'. But, in either case, I'd only reasonably expect subsequent warnings to cover those scam risks at a relatively high level, highlighting features such as the prospect of guaranteed returns that were too good to be true, or a pressure to invest.

In this case, I don't think the features of the scam Mr L fell victim to was particularly typical of either. Instead, this was more nuanced. I've noted:

- He wasn't dealing with someone posing as a 'broker' or 'trader' acting on his behalf – instead it seems he acted by himself, on the recommendation of the person he'd met.
- While he was encouraged, it doesn't appear he was overtly pressured to invest – instead, it appeared as though he'd been made privy to insider information that he might wish to take advantage of.
- The profits weren't explicitly guaranteed and it seemed he understood the associated risks – he mentioned worrying about losing his savings and there being no reward without risk in his conversations with the scammer.
- The premise of the scam was particular – supposedly investing in a new cryptocurrency coin. This made it tricky for Mr L to research online to establish its legitimacy, as I see he noted when talking with the scammer.

Taking the nuances of the scam into account and the lack of common or obvious hallmarks, I'm not persuaded a written warning about general investment scams would've resonated with Mr L. Indeed, I think the only written warning that likely would've helped is one very specific to the scam Mr L cruelly fell victim to. But I don't think Revolut could reasonably be expected to detail all the variations of an investment scam – it wouldn't have been effective nor proportionate to the risk these payments presented.

It follows that I don't think Revolut could've fairly stopped Mr L's losses, so I'll not be telling it to refund them.

As well as whether Revolut ought to have done more to prevent Mr L's losses, I've also looked at whether it ought to have done more to recover them. I've considered the likelihood that a chargeback claim would've been successful. This is a voluntary scheme run by Mr L's card issuer that provides refunds in specific circumstances. But I don't think any of those circumstances applied here in a way that could've helped Mr L.

That's because it appears these payments went to a legitimate cryptocurrency platform where they were exchanged and sent to a fraudster's wallet. So it's unlikely any claim relating to the cryptocurrency platform would've succeeded, as ultimately they provided the service in exchanging the money – and the funds were lost to the fraudsters in subsequent transactions.

I realise how disappointing this will be for Mr L, who's clearly been the victim of a cleverly orchestrated scam that was tricky to detect. Of course, the real culprits here are the undoubtedly organised criminals carrying out these scams. But, for the reasons I've explained, I don't think I can reasonably blame Revolut for failing to stop or recover his losses.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 19 February 2025.

Emma Szkolar

Ombudsman