

The complaint

Mr N complains about Revolut Ltd.

He says that Revolut didn't do enough to protect him when he fell victim to a romance scam involving cryptocurrency.

He would like Revolut to refund him the money he has lost as a result.

What happened

Mr N was approached on a dating website by an individual who he believed to be interested in a romantic relationship with him. After chatting for a short while, the conversation moved to a messaging app, and over the course of a few weeks, the individual introduced the idea of investing in cryptocurrency.

Believing that they were now in a relationship, Mr N, under the scammer's instruction, downloaded various crypto apps and was shown how to purchase crypto. He was told to move money to the account he held with Revolut and from there to various crypto exchanges, as set out below.

Payment	Date	Payee	Payment type	Amount
1	27/04/2023	FD	Transfer	£10
2	28/04/2023	CR	Card	£4,984.96
3	06/05/2023	NT	Transfer	£2,000
4	06/05/2023	NT	Transfer	£5,000
5	09/05/2023	NT	Transfer	£5,000
6	10/05/2023	NT	Transfer	£4,000
7	16/05/2023	NT	Transfer	£4,100
			Total	£25,094.96

Unfortunately, Mr N had fallen victim to a scam, and when he realised what had happened, reported this to Revolut and made a complaint.

Revolut didn't uphold the complaint – so Mr N brought his complaint to this Service. Our Investigator looked into things, but also didn't think that the complaint should be upheld. They said that while they would ideally have liked Revolut to intervene earlier than it did, Mr N ignored scam warnings it presented to him and continued to make payments, and that an earlier intervention was unlikely to make a difference.

Mr N and his representative asked for an Ombudsman to make a final decision, so the complaint has been passed to me.

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 decided not to uphold this complaint. I know this will be disappointing for Mr N, so I'll explain.

In broad terms, the starting position at law is that banks and other payment service providers (PSP's) are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And I have taken that into account when deciding what's fair and reasonable in this case.

Mr N authorised the payments in question – so even though he was tricked into doing so and didn't intend for the money to end up in the hands of a scammer, he is presumed liable in the first instance.

But this isn't the end of the story. As a matter of good industry practice, Revolut should also have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there is a balance to be struck: banks had (and have) obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider having been good industry practice at the time, I consider Revolut should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and 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 banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.
- 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 cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

In this case, I need to decide whether Revolut acted fairly and reasonably in its dealings with Mr N when he authorised payments from his account or whether it could and should have done more before processing them.

Looking at the transactions that Mr N made, I think that Revolut should have got in touch with him at the point he made payment two. While Mr N had made larger transactions in the past, this payment was still significant, and identifiable as going to a crypto exchange, which Revolut would have known carries an elevated risk of being a scam payment.

However, Revolut has shown that it did intervene on later payments – when Mr N selected 'investment' for several of the transactions, and 'cryptocurrency' for one payment. It showed Mr N some text-based warnings relating to these types of scams – but Mr N continued with

the payments even though the warnings were applicable to his circumstances.

Our Investigator provided the warnings that were shown to Mr N to his representative, who said that it doesn't think that the warnings went as far as they should to alert Mr N that he may be at risk of financial harm – they say that the warnings were too generic, and not specific enough.

I have taken on board what Mr N's representatives have said, and I do think that the warnings shown could have been better than they were, but I also think that they should have given Mr N cause for concern about what he was doing too, and I don't think he was as careful as he should have been.

In order for me to uphold this complaint, I would need to be satisfied that a better intervention from Revolut would have stopped Mr N making the payments and I don't think that it would have done. I'll explain why.

As part of my review of the case, I am also aware that Mr N moved funds from his account with B in order to facilitate the payments from his account with Revolut and made payments directly to a crypto exchange from his account with B too. And I am also aware that B spoke with Mr N about what he was doing. When Mr N spoke with B, it asked him about the crypto payment, and why he was making the transaction.

Mr N confirmed that he was acting alone and had full control over the investment – and that there was no third party involved. He said that a friend from work had introduced him to the investment, and that he knew them well, and fully trusted them. So even if Revolut had done more, I am not persuaded that Mr N would have divulged any information to it that would have revealed the scam.

I am very sorry for the situation Mr N now finds himself in – I know he has lost a lot of money to an individual that has cruelly tricked him. But Revolut hasn't caused his loss, the scammer has – and I can't ask it to refund him when I don't think it would have been able to uncover the scam.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 6 December 2024.

Claire Pugh
Ombudsman