DRN-4994872

The complaint

Mr V complains that Revolut Ltd won't refund money he lost when he was the victim of a scam.

Mr V is represented by a firm that I'll refer to as 'C'.

What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

In 2022 Mr V fell victim to a crypto investment scam. He's explained that he'd often seen crypto adverts and promotions and, while he wasn't experienced, he decided he wanted to invest and started searching for investments online. And as part of this search, he came across what we now know to be a scam investment firm - which I'll refer to as '7'.

Mr V has said he found 7's website impressive and checked reputable review sites before proceeding – with the firm receiving a minimum of four-star reviews that also praised their professional staff, 24/7 support and quick withdrawals. Believing the investment opportunity was genuine, Mr V filled in 7's online enquiry form.

Mr V was then contacted by 7, finding them professional and knowledgeable, and the trading process was explained in detail. This involved 7 providing Mr V with an online trading account and assigning him with an investment broker who would tell him how and what to invest in. To do this 7 instructed Mr V to open a Revolut account, and they opened a wallet with a legitimate crypto provider and guided him through the trading process by way of remote access software.

Mr V went on to make the following payments to the scam via the legitimate crypto provider:

Transaction date	Type of transaction	Amount
29 September 2022	Debit card	£6,999.30
18 November 2022	Debit card	£10,000
7 June 2023	Debit card	£10,000
7 June 2023	Debit card	£10,000
7 June 2023	Debit card	£10,000
7 June 2023	Debit card	£10,000
7 June 2023	Debit card	£10,000

7 June 2023	Debit card	£10,000
7 June 2023	Debit card	£10,000
7 June 2023	Debit card	£10,000
7 June 2023	Debit card	£10,000
8 June 2023	Debit card	£5006.25
29 August 2023	Debit card	£10,000
	Total loss:	£122,055.55

Mr V realised he'd been scammed when he was told he had to pay fees to withdraw his funds. Mr V didn't do this and 7 refused him access to his funds.

C complained on Mr V's behalf to Revolut on 13 December 2023 saying the payments were made as part of a scam. In short, they said:

- Revolut failed in their duty of care to protect Mr V from the scam.
- Mr V had a reasonable basis to believe the investment opportunity was genuine.
- Revolut had several opportunities to intervene, detect the scam and prevent it escalating further.
- The account activity was unusual and should've flagged for additional security – prompting Revolut to ask probing and open-ended questions. As Mr V hadn't been told to lie to Revolut, he would've been open and honest with all his answers.
- So, had Revolut done this then they would've identified the scam. In turn, an effective scam warning should've been provided which would've prevented Mr V's losses.
- To settle this complaint, Revolut should refund Mr V, pay 8% simple interest and £300 compensation.

Revolut didn't uphold the complaint. In short, they said:

- They raised chargebacks on the transactions to recover the funds lost. But they explained the chargeback process is framed by a very detailed and consistent set of rules. And, essentially, the process includes two types of claims – fraud or dispute – with dispute claims raised for these transactions.
- The outcome of the claims was that they had no right to dispute them as the payments were money orders. And once a money order is processed, the service is considered provided and as described. They're not able to dispute subsequent transactions.

The complaint was referred to the Financial Ombudsman. Our Investigator thought it should be upheld in part. She said Revolut ought to have provided a tailored written scam warning before processing the first payment, but she didn't think this would've made a difference and deterred Mr V from making it. But she considered that Revolut ought to have spoken with

Mr V before processing the fourth payment, which was the second £10,000 payment to the crypto platform on the same day. She thought this would've allowed Revolut to identify the hallmarks of an investment scam and provided him with an appropriate scam warning - resulting in Mr V not making any further payments to it.

Our Investigator thought Mr V should take some responsibility for his loss too. Because of this, our Investigator thought it would be fair for Revolut to refund 50% from the fourth payment onwards and pay 8% simple interest.

C confirmed Mr V's acceptance.

Revolut didn't agree with our Investigator and asked for the matter to be referred to an Ombudsman. In short, Revolut has added:

- This was a 'self-to-self' scenario in which Mr V owned and controlled the beneficiary account to which the payments were sent. Hence, the fraudulent activity didn't occur on Mr V's Revolut account – as the payments were made to a legitimate crypto provider before being sent to the scam platform.

- The transactions weren't out of character or unexpected with the typical way an electronic money institution (EMI) account is used – particularly as high street banks have started restricting their customers from sending money to crypto exchanges (which is an entirely legitimate activity). Typically, this type of account is opened and used to facilitate payments of a specific purpose and often not used as a main account.

- 'Self-to-self' payments don't meet the Dispute Resolution Rules ("DISP Rules"), nor the Contingent Reimbursement Model (CRM) code or mandatory reimbursement scheme rules definition of an Authorised Push Payment (APP) scam.

- For the Financial Ombudsman to apply the reimbursement rules to self-to-self transactions executed by Revolut is an error in law. Alternatively, the Financial Ombudsman has irrationally failed to consider the fact these transactions are self-to-self and therefore obviously distinguishable from transactions subject to the regulatory regime concerning APP fraud.

- They are also concerned that the Financial Ombudsman appears to have decided as a matter of policy, that Revolut should be left "holding the baby" because, subsequent to the self-to-self transfers involving a Revolut account, customers have transferred those funds to their account with a third party.

- It is entirely relevant to consider possible other bank interventions – as the funds originated from Mr V's own external bank account. As such, they believe it should be considered by the Financial Ombudsman in tandem with this complaint. At the very least, whether Mr V was warned by his external bank is relevant to whether he acted negligently in disregarding any such warnings.

- It might be appropriate for the Financial Ombudsman to exercise its powers under DISP to inform Mr V that it could be appropriate to make a complaint against another firm if necessary.

- While they recognise the Financial Ombudsman may have considerable sympathy for customers who have been defrauded, this allocation of responsibility is at odds with the approach the statutory regulator deems appropriate and is irrational.

- It is irrational (and illogical) to hold Revolut liable for customer losses in circumstances where Revolut is merely an intermediate link, and there are typically other financial institutions in the payment chain that have comparatively greater data on the customer than Revolut, but which the Financial Ombudsman hasn't held responsible in the same way as Revolut.

The matter has been passed to me to decide.

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 EMI such as Revolut is expected to process payments and withdrawals that a customer authorises them 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.

And, as the Supreme Court has recently reiterated in Philipp v Barclays Bank UK PLC, subject to some limited exceptions banks have a contractual duty to make payments in compliance with the customer's instructions.

In that case, the Supreme Court considered the nature and extent of the contractual duties owed by banks to their customers when making payments. Among other things, it said, in summary:

- The starting position is that it is an implied term of any current account contract that, where a customer has authorised and instructed a bank to make a payment, they must carry out the instruction promptly. It is not for the bank to concern itself with the wisdom or risk of their customer's payment decisions.

- At paragraph 114 of the judgment the court noted that express terms of the current account contract may modify or alter that position. In Philipp, the contract permitted Barclays not to follow their consumer's instructions where they reasonably believed the payment instruction was the result of APP fraud; but the court said having the right to decline to carry out an instruction was not the same as being under a legal duty to do so.

In this case, the terms of Revolut's contract with Mr V modified the starting position described in *Philipp,* by – among other things – expressly requiring Revolut to refuse or delay a payment "*if legal or regulatory requirements prevent us from making the payment or mean that we need to carry out further checks*" (section 20).

So, Revolut was required by the terms of their contract to refuse payments in certain circumstances, including to comply with regulatory requirements such as the Financial Conduct Authority's Principle for Businesses 6, which required financial services firms to pay due regard to the interests of their customers and treat them fairly. I am satisfied that paying due regard to the interests of their customers and treating them fairly meant Revolut should have been on the look-out for the possibility of fraud and refused card payments in some circumstances to carry out further checks.

In practice Revolut did in some instances refuse or delay payments at the time where they suspected their customer might be at risk of falling victim to a scam.

I must also take into account that the basis on which I am required to decide complaints is

broader than the simple application of contractual terms and the regulatory requirements referenced in those contractual terms. I must determine the complaint by reference to what is, in my opinion, fair and reasonable in all the circumstances of the case (DISP 3.6.1R) taking into account the considerations set out at DISP 3.6.4R.

Whilst the relevant regulations and law (including the law of contract) are both things I must take into account in deciding this complaint, I'm also obliged to take into account regulator's guidance and standards, relevant codes of practice and, where appropriate, what I consider to have been good industry practice at the relevant time: see DISP 3.6.4R. So, in addition to taking into account the legal position created by Revolut's standard contractual terms, I also must have regard to these other matters in reaching my decision.

Looking at what is fair and reasonable on the basis set out at DISP 3.6.4R, I consider that Revolut should in September 2022 have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances.

In reaching the view that Revolut should have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances, I am mindful that in practice all banks and EMI's like Revolut did in fact seek to take those steps, often by:

- using algorithms to identify transactions presenting an increased risk of fraud;
- requiring consumers to provide additional information about the purpose of transactions during the payment authorisation process;
- using the confirmation of payee system for authorised push payments;
- providing increasingly tailored and specific automated warnings, or in some circumstances human intervention, when an increased risk of fraud is identified.

For example, it is my understanding that in September 2022, Revolut, whereby if they identified a scam risk associated with a card payment through their automated systems, could (and sometimes did) initially decline to make that payment, in order to ask some additional questions (for example through their in-app chat).

I am also mindful that:

- Electronic Money Institutions like Revolut are required to conduct their business with "due skill, care and diligence" (FCA Principle for Businesses 2), "integrity" (FCA Principle for Businesses 1) and a firm "must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems" (FCA Principle for Businesses 3).
- Over the years, the FCA, and their predecessor the FSA, have published a series of publications setting out non-exhaustive examples of good and poor practice found when reviewing measures taken by firms to counter financial crime, including various iterations of the *"Financial crime: a guide for firms".*
- Regulated firms are required to comply with legal and regulatory anti-money laundering and countering the financing of terrorism requirements. Those requirements include maintaining proportionate and risk-sensitive policies and procedures to identify, assess and manage money laundering risk – for example through customer due-diligence measures and the ongoing monitoring of the

business relationship (including through the scrutiny of transactions undertaken throughout the course of the relationship). I do not suggest that Revolut ought to have had concerns about money laundering or financing terrorism here, but I nevertheless consider these requirements to be relevant to the consideration of Revolut's obligation to monitor their customer's accounts and scrutinise transactions.

- The October 2017, BSI Code, which a number of banks and trade associations were involved in the development of, recommended firms look to identify and help prevent transactions – particularly unusual or out of character transactions – that could involve fraud or be the result of a scam. Not all firms signed the BSI Code (and Revolut was not a signatory), but the standards and expectations it referred to represented a fair articulation of what was, in my opinion, already good industry practice in October 2017 particularly around fraud prevention, and it remains a starting point for what I consider to be the minimum standards of good industry practice now (regardless of the fact the BSI was withdrawn in 2022).

- Revolut should also have been aware of the increase in multi-stage fraud, particularly involving crypto when considering the scams that their customers might become victim to. Multi-stage fraud involves money passing through more than one account under the consumer's control before being sent to a fraudster. Our service has seen a significant increase in this type of fraud over the past few years – particularly where the immediate destination of funds is a crypto wallet held in the consumer's own name. And, increasingly, we have seen the use of an EMI (like Revolut) as an intermediate step between a high street bank account and crypto wallet.

- The main card networks, Visa and Mastercard, don't allow for a delay between receipt of a payment instruction and its acceptance: the card issuer has to choose straight away whether to accept or refuse the payment. They also place certain restrictions on their card issuers' right to decline payment instructions. The essential effect of these restrictions is to prevent indiscriminate refusal of whole classes of transaction, such as by location. The network rules did not, however, prevent card issuers from declining particular payment instructions from a customer, based on a perceived risk of fraud that arose from that customer's pattern of usage. So, it was open to Revolut to decline card payments where they suspected fraud, as indeed Revolut does in practice (see above).

Overall, taking into account relevant law, regulator's 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 September 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 their 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;

- 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); and

- 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.

Whilst I am required to take into account the matters set out at DISP 3.6.4R when deciding what is fair and reasonable, I am satisfied that to comply with the regulatory requirements that were in place in September 2022, Revolut should in any event have taken these steps.

Should Revolut have recognised that Mr V was at risk of financial harm from fraud?

From the submissions Mr V and his representation has provided, I'm satisfied he fell victim to an investment scam. The FCA published a regulatory warning about 7 in August 2023 that says: *"This firm may be providing financial services or products without our authorisation. You should avoid dealing with this firm and beware of potential scams"*. There are also reviews available online indicating 7 to be a scam investment firm. And Mr V has provided correspondence he had with 7 during the period of the disputed transactions in question that demonstrates he was directed to make payments to the legitimate crypto provider for this to be converted into crypto to be traded. I also consider Mr V's testimony to be consistent and persuasive here. So, I'm satisfied Mr V was the victim of an investment scam as he claims.

It isn't in dispute that Mr V authorised the payments he made by debit card to the crypto wallet (from where that crypto was subsequently transferred to the scammer). But whilst I have set out the circumstances which led Mr V to make the payments using his Revolut account and the process by which that money ultimately fell into the hands of the fraudster, I am mindful that, at that time, Revolut had much less information available to them upon which to discern whether any of the payments presented an increased risk that Mr V might be the victim of a scam.

I'm aware that crypto providers, like the one Mr V made his payments to here, generally stipulate that the card used to purchase crypto at its exchange must be held in the name of the account holder, as must the account used to receive cash payments from the exchange. Revolut would likely have been aware of this fact too. So, it could have reasonably assumed that the payments would be credited to a crypto wallet held in Mr V's name.

By September 2022, when these transactions took place, firms like Revolut had been aware of the risk of multi-stage scams involving crypto for some time. Scams involving crypto have increased over time. The FCA and Action Fraud published warnings about crypto scams in mid-2018 and figures published by the latter show that losses suffered to crypto scams have continued to increase since. They reached record levels in 2022. During that time, crypto was typically allowed to be purchased through many high street banks with few restrictions.

During 2022, many high street banks had taken steps to either limit their customers' ability to purchase crypto using their bank accounts or increase friction in relation to crypto related payments, owing to the elevated risk associated with such transactions. This left a smaller number of payment service providers, including Revolut, that allowed customers to use their accounts to purchase crypto with few restrictions. These restrictions – and the reasons for them – would have been well known across the industry.

I recognise that, as a result of the actions of other Payment Service Providers (PSPs), many customers who wish to purchase crypto for legitimate purposes will be more likely to use the services of an EMI, such as Revolut. And I'm also mindful that a significant majority of crypto purchases made using a Revolut account will be legitimate and not related to any kind of fraud (as Revolut has told our service). However, our service has also seen numerous examples of consumers being directed by fraudsters to use Revolut accounts in order to

facilitate the movement of the victim's money from their high street bank account to a crypto provider, a fact that Revolut is aware of.

So, taking into account all of the above I am satisfied that by September 2022, Revolut ought fairly and reasonably to have recognised that their customers could be at a risk of fraud when using their services to purchase crypto, notwithstanding that the payment would often be made to a crypto wallet in the consumer's own name.

To be clear, I'm not suggesting that, as a general principle, Revolut should have more concern about payments being made to a customer's own account than those which are being made to third party payees. As I've set out in some detail above, it is the specific risk associated with crypto in September 2022 that, in some circumstances, should have caused Revolut to consider transactions to crypto providers as carrying a risk of fraud and the associated harm.

In those circumstances, as a matter of what I consider to have been fair and reasonable, good practice and to comply with regulatory requirements, Revolut should have had appropriate systems for making checks and delivering warnings before they processed such payments. And as I have explained Revolut was also required by the terms of their contract to refuse or delay payments where regulatory requirements meant they needed to carry out further checks.

Taking all of the above into account, and in light of the increase in multi-stage fraud, particularly involving crypto, I don't think the fact payments in this case were going to an account held in Mr V's own name should have led Revolut to believe there wasn't a risk of fraud.

So, I've gone onto consider, taking into account what Revolut knew about the payments, at what point, if any, they ought to have identified that Mr V might be at a heightened risk of fraud that merited their intervention.

The first three debit card payments, which Revolut should've identified as going to a crypto provider, were relatively spread out. But they were of a reasonably high value for a newly opened account, which can be a potential indicator of fraud, and contradictory to the account opening purpose Mr V provided ('transfers'). I appreciate Revolut needs to take an appropriate line between protecting against fraud and not unduly hindering legitimate transactions. But given what Revolut knew about the destination of the payments, I think the circumstances should have led Revolut to consider that Mr V could be at risk of financial harm from fraud. In line with good industry practice and regulatory requirements, I am satisfied that it is fair and reasonable to conclude that Revolut should have warned Mr V before these payments went ahead.

I think the risk of potential financial harm from fraud increased further at the point of the fourth transaction, as Mr V had made two £10,000 payments to a crypto provider in the space of about one minute. Again, given what Revolut knew about the destination of the payments, and that transactions made in rapid succession can be a potential indicator of fraud, I consider Revolut should've considered that Mr V was at a heightened risk of financial harm from fraud at this point. And so, I think Revolut should similarly have taken steps to warn Mr V before processing the payment.

To be clear, I do not suggest that Revolut should provide a warning for every payment made to crypto. Instead, as I've explained, I think it was the combination of the value of the payments and the speed at which they were made, on what was a newly opened account, and that the fact it went to a crypto provider which ought to have prompted warnings.

What did Revolut do to warn Mr V?

I haven't seen anything to show Revolut provided Mr V with any scam warnings before processing the disputed payments.

As per above, I think Revolut needed to do more.

What kind of warning should Revolut have provided?

I've thought carefully about what a proportionate warning in light of the risk presented would be in these circumstances. In doing so, I've taken into account that many payments that look very similar to these will be entirely genuine. I've given due consideration to Revolut's duty to make payments promptly, as well as what I consider to have been good industry practice at the time this payment was made.

Taking that into account, prior to the fourth payment (which I will go on to consider further), it would've been reasonable to have expected Revolut to have provided a tailored written warning that was specifically about the risk of crypto scams - given how prevalent they had become by that point. In doing so, I recognise that it would be difficult for such a warning to cover off every permutation and variation of crypto scams, without significantly losing impact. But I think it would've been a proportionate response to the risk the payments presented.

So, at this point in time, I think that such a warning should have addressed the key risks and features of the most common crypto scams – crypto investment scams. The warning Revolut ought fairly and reasonably to have provided should have highlighted, in clear and understandable terms, the key features of common crypto investment scams, for example referring to: an advertisement on social media, promoted by a celebrity or public figure; an 'account manager', 'broker' or 'trader' acting on their behalf; the use of remote access software and a small initial deposit which quickly increases in value.

I recognise that a warning of that kind could not have covered off all scenarios. But I think it would have been a proportionate way for Revolut to minimise the risk of financial harm to Mr V by covering the key features of scams affecting many customers but not imposing a level of friction disproportionate to the risk the payment presented.

By the point of the fourth payment however, I don't consider a tailored written warning would've been a proportionate response to the identifiable risk – as two £10,000 payments within the space of about a minute was significantly greater than what Mr V had transacted on his account in the past. And so, I think a proportionate response to that risk would've been for Revolut to have attempted to establish the circumstances surrounding the payment before allowing it to debit Mr V's account. I think they should have done this by, for example, directing Mr V to their in-app chat to discuss the payment further.

If Revolut had provided a warning of the type described, or if they had attempted to establish the circumstances surrounding the fourth payment, would that have prevented the losses Mr V suffered?

I've thought carefully about whether a tailored written warning of the type I've described would've resonated with Mr V, and to the extent whereby he wouldn't have proceeded with making the payments. Having done so, I don't think it would. This is because, while Mr V's situation did have some of the common features of crypto investment scams – such as the use of remote access software and the involvement of a broker – he hadn't come across the opportunity via social media but searched for it himself, nor was it promoted by a celebrity or public figure. And Mr V has confirmed that before deciding to invest, he researched 7 online

but found little/no evidence of negative reviews. And that he was impressed by the professionalism and expertise demonstrated by 7 when he spoke with them.

It follows that I'm not persuaded that even if Revolut had provided a tailored written crypto scam warning that it would've deterred Mr V from making the first three payments. Because of this, I don't think Revolut's failure to provide such a warning led to Mr V suffering this part of his loss.

I do however think that, had Revolut contacted Mr V to establish the circumstances surrounding the fourth payment, they would've most likely prevented this loss. This is because, I haven't seen anything to show that Mr V was being told (or that he agreed) to mislead Revolut about the payment if questioned. Nor has Revolut provided anything to evidence Mr V would've misled them about the purpose of the payment.

So, had Revolut contacted Mr V to establish the circumstances surrounding the payment as I would've expected, then I consider Mr V would've likely explained that he was purchasing crypto in order to trade with the assistance of a third-party broker. And that, to do this, he was moving the crypto to 7's trading platform, hadn't yet received any withdrawals and was being assisted by way of remote access software. I also consider appropriate questioning would've uncovered that Mr V hadn't received any investment contract or trading agreement.

From this, Revolut ought to have recognised that Mr V had very likely fallen victim to an investment scam – as there were enough clearly identifiable 'red flags'. And while Revolut may have been somewhat reassured by Mr V likely telling them he'd carried out some online research on 7 before investing and hadn't found negative reviews, Revolut should've been aware of the possibility of fake reviews (and brought this to Mr V's attention too). And given the significant risk presented by the circumstances of this payment, I think it would've been reasonable for Revolut to have given Mr V a very clear scam warning and advised him not to proceed with making any further payments. I think this would've been more powerful and more likely to have resonated with Mr V then a written warning.

I've no reason to think Mr V wouldn't have been receptive to such advice. Nor have I seen that he ignored any warnings relevant to his situation – with the only warnings provided by his own external bank account, which he used to fund the scam payments, being in relation to safe account and intervention scams. And so, these warnings weren't relevant to Mr V's circumstances and wouldn't have resonated with him. Because of this, and on balance, I think it's more likely than not that Mr V wouldn't have made the fourth payment – or those that followed – had Revolut intervened as I would've expected.

Is it fair and reasonable for Revolut to be held responsible for Mr V's loss?

In reaching my decision, I have taken into account that this payment was made to another financial business (a crypto provider) and that it was funded from another account at a regulated financial business held in Mr V's name and control.

But as I've set out in some detail above, I think that Revolut still should have recognised that Mr V was at a heightened risk of financial harm from fraud when he made the fourth payment, and they should have declined the payment and made further enquiries. If they had taken those steps, I am satisfied they would have prevented the loss Mr V suffered from that point onwards. The fact that the money used to fund the scam came from elsewhere and wasn't lost at the point it was transferred to Mr V's own account does not alter that fact and I think Revolut can fairly be held responsible for Mr V's loss in such circumstances. I don't think there is any point of law or principle that says that a complaint should only be considered against either the firm that is the origin of the funds or the point of loss.

I've also considered that Mr V has only complained against Revolut. I accept that it's *possible* that other firms might also have missed the opportunity to intervene or failed to act fairly and reasonably in some other way, and Mr V could instead, or in addition, have sought to complain against those firms. But Mr V has not chosen to do that and ultimately, I cannot compel him to. In those circumstances, I can only make an award against Revolut.

I'm also not persuaded it would be fair to reduce a consumer's compensation in circumstances where: the consumer has only complained about one respondent from which they are entitled to recover their losses in full; has not complained against the other firm (and so is unlikely to recover any amounts apportioned to that firm); and where it is appropriate to hold a business such as Revolut responsible (that could have prevented the loss and is responsible for failing to do so). That isn't, to my mind, wrong in law or irrational but reflects the facts of the case and my view of the fair and reasonable position.

Ultimately, I must consider the complaint that has been referred to me (not those which haven't been or couldn't be referred to me) and for the reasons I have set out above, I am satisfied that it would be fair to hold Revolut responsible for Mr V's loss from the fourth payment onwards (subject to a deduction for Mr V's own contribution which I will consider below). As I have explained, the potential for multi-stage scams, particularly those involving crypto, ought to have been well known to Revolut. And as a matter of good practice and as a step to comply with its regulatory requirements, I consider Revolut should have been on the look-out for payments presenting an additional scam risk including those involving multi-stage scams.

Furthermore, I'm aware that Revolut has referenced the CRM code and the PSR's reimbursement scheme for APP scams. But Revolut is not a signatory of the CRM code, and these payments wouldn't have been covered by it anyway. Nor would the payments be covered by the PSR's reimbursement scheme – as it wasn't in force when these payments were made, it isn't retrospective, and it doesn't cover card payments. I've therefore not sought to apply either here. I've explained in some detail why I think it's fair and reasonable that Revolut ought to have identified that Mr V may have been at risk of financial harm from fraud and the steps they should have taken before allowing the aforementioned payments to leave his account.

Should Mr V bear any responsibility for his losses?

I've thought about whether Mr V should bear any responsibility for his loss. In doing so, I've considered what the law says about contributory negligence, as well as what I consider to be fair and reasonable in all the circumstances of this complaint including taking into account Mr V's own actions and responsibility for the losses he has suffered.

When considering whether a consumer has contributed to their own loss, I must consider whether the consumer's actions showed a lack of care that goes beyond what we would expect from a reasonable person. I must also be satisfied that the lack of care directly contributed to the individual's losses.

Here, I consider that there were sophisticated aspects to this scam – including, for example, 7's platform showing Mr V's funds being invested, the professional interaction he had with them and their website.

That said, I must also take in the account the following:

- Mr V has said that he checked reputable review sites before proceeding. But having looked at those sites, I've only found five reviews available from that time which is a relatively small amount for an investment firm. And one was a negative one-star

review – which said: *"Don't invest this company is a scam*". This should've given Mr V cause for concern.

- Mr V hasn't provided any investment documentation or literature – such as a contract or trading agreement. Considering the sums involved, this should've been seen as suspicious to Mr V and given him reason to suspect the legitimacy of 7 and the investment opportunity.

- Mr V has said that, while he had access to his trading account with 7, he was unable to access his wallet with the legitimate crypto exchange. He believes the scammers provided the payment details for him to make the transactions. I don't think it was reasonable for Mr V to send significant sums of money to a crypto wallet in his own name that he didn't have access to.

- In July/August 2023 Mr V identified discrepancies in figures provided by 7 and demonstrated dissatisfaction with the service he'd received (including being lied to). But despite this, he went to on to make a further £10,000 payment to the scam. I don't consider this was reasonable in the circumstances.

Because of this, and taking everything into account, I think Mr V ought to have had sufficient reason to suspect (or question) whether the investment opportunity was legitimate. And so, I consider it would've been reasonable for Mr V to have been more cautious before proceeding. This could've included seeking independent financial advice or carrying out further research into these types of crypto investment opportunities online. And given the prevalence of crypto investment scams at this point in time, I think, had Mr V done this, he would've most likely uncovered that the opportunity with 7 was likely illegitimate (or at the very least, carried too much risk) – thereby preventing his losses.

I've concluded, on balance, that it would be fair to reduce the amount Revolut pays Mr V because of his role in what happened. Weighing the fault that I've found on both sides, I think a fair deduction is 50%.

Could Revolut have done anything to recover Mr V's money?

Given the payments were made by debit card, the only option of recovery was via chargeback. But given the payments were made to a legitimate crypto provider, I don't consider that a chargeback would have had any prospect of success given there's no dispute the crypto provider provided crypto to Mr V. And so, I think it was reasonable for Revolut to conclude that there weren't any chargeback rights here.

Putting things right

I think it is fair that Revolut refund Mr V from the fourth payment onwards (less 50% for contributory negligence). They should also add 8% simple interest to the payments to compensate Mr V for his loss of the use of money that he might otherwise have used.

My final decision

My final decision is that I uphold this complaint in part. I direct Revolut Ltd to pay Mr V:

- 50% of his loss from the fourth payment onwards - £47,503.13.

- 8% simple interest, per year, from the date of each payment to the date of settlement less any tax lawfully deductible.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 8 May 2025.

Daniel O'Dell
Ombudsman