

The complaint

Mr I complains that Revolut Ltd ("Revolut") won't refund around £11,000 that he lost to a scam.

What happened

The details of this complaint are well known to both parties, so I won't repeat everything again here. In brief, Mr I received a chat message from a person he did not know from a scammer that I will call B. They chatted with him and over time they formed a friendship. B told Mr I that their Auntie was a trader who had inside knowledge of trading. B persuaded Mr I to send funds to a crypto exchange and then on to what he thought was a trading platform.

Mr I made around 9 transactions over 7 days in July 2023 totalling just over £11,000. Mr I realised he had been scammed when he took out a loan with a different provider who then intervened when he tried to send the loan proceeds to his Revolut account. He says he was told by this other financial institution that he was being scammed and he then stopped making the payments to B.

Our investigator rejected this complaint as they thought that Revolut should have intervened when a payment of £3,280 was made on 12 July 2023 and provided a warning setting out the general features of crypto scam. They said that they did not think that this would have made a difference as Revolut did provide a general crypto warning later on in the scam and as this did not stop Mr I, then there was little reason to say that an earlier warning would have prevented it either.

Mr I did not agree to this and therefore this case has been passed to me to issue a decision.

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 isn't in dispute that Mr I has fallen victim to a scam here, nor that he authorised the disputed payments he made to B. The payments were requested by him using his legitimate security credentials provided by Revolut, and the starting position is that Revolut ought to follow the instructions given by their customers, in order for legitimate payments to be made as instructed.

However, I've considered whether Revolut should have done more to prevent Mr I from falling victim to the scam, as there are some situations in which a bank should reasonably have had a closer look at the circumstances surrounding a particular transaction. For example, if it was particularly out of character for that account holder.

Given the size of the first 4 transactions, I don't think that they were large enough or had formed a pattern indicative of someone at an increased risk of financial harm. That said, I agree with the investigator that the next payment of £3,280 was large enough to have prompted an intervention from Revolut.

I think a proportionate intervention at this point would have been a written warning, setting out the common features of crypto scams. I understand Revolut didn't do this for fifth payment. So, I've then thought about whether a warning from Revolut at that point could've prevented Mr I sending the payment.

Having done so, I'm not persuaded it would've prevented Mr I from losing his funds. A warning about crypto scams at this point would likely have set out the common features of a crypto scam. These would be things like an advert on social media fronted by a celebrity, being asked to install remote access software, having a broker and quickly making large profits that you have to pay to release. But in this instance Mr I met B via a random message, remote access was not used, there was no broker that Mr I was introduced to and the profits at this point in the scam were not unrealistically large.

Being approached randomly and told about investments and being guaranteed a profit were two features of the scam that were common. But Mr I was provided a warning about this later on in the scam. The warning that Revolut did provide later in the scam did mention that financial deals were not made over messaging apps and that legitimate investments will never guarantee a profit. But this did not resonate with Mr I enough to stop the scam. So overall I don't think an earlier warning, setting out the common features of a crypto scam, would have resonated with him given the atypical features of this scam.

I have considered whether Revolut should have intervened again, but after the payment that should have in my view prompted a written warning, there were only 4 more payments and these were not large enough to have prompted a further intervention greater than more written warnings, which again I don't think would have stopped the scam.

So, I'm not satisfied the kind of warning I'd have expected at this time wouldn't stopped him from going ahead with the payments.

I note that the scam was stopped by Mr I's other account provider but my understanding is that this was due to human intervention. But I don't think that Revolut needed to intervene in this way given the size and pattern of the payments.

So overall I think that Revolut should have done more but I do not think that this would have stopped the scam.

Recovery

I've also thought about whether Revolut could have done more to attempt to recover the payments after Mr I reported the fraud. But the Contingent Reimbursement Model ("CRM") does not apply to debit card payments. In relation to attempting a chargeback, Mr I was paying the crypto exchange to essentially send funds from his Revolut account to his crypto account which is what happened. So, as he got what he paid for there are no grounds for a chargeback.

I appreciate this will come as a disappointment to Mr I, and I'm sorry to hear he has been the victim a scam. However, I'm not persuaded that Revolut can fairly or reasonably be held liable for the losses that he said he incurred in these circumstances.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 15 January 2025.

Charlie Newton
Ombudsman