

The complaint

Mr M complains that Revolut Ltd didn't do enough to protect him from the financial harm caused by an investment scam, or to help him recover the money once he'd reported the scam to it.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

In April/May 2023, Mr M received a cold call from someone I'll refer to as "the scammer" who said Mr M had a cryptocurrency wallet valued at approximately £12,000 from a previous investment.

Mr M didn't recall the investment, but the scammer provided an overseas address for the company that was holding the wallet. He also sent an image of the account and explained he'd have to pay to release the funds. The scammer also said he could help him to invest in cryptocurrency, offering to set up an account and make the transactions on his behalf.

On 15 May 2023, Mr M set up a Revolut account and followed the scammer's instructions to make small payments into the account. The scammer asked him to first purchase cryptocurrency and then load it onto an online wallet. On 16 May 2023, he transferred £1,000, £40, and £100 from Bank N to Revolut, before transferring £942 and £4,000 to account details provided by the scammer on 16 May 2023 and 19 May 2023.

Mr M realised he'd been scammed when he lost contact with the scammer and so he complained to Revolut with the assistance of a representative. His representative argued that Revolut ought to have identified the payments as unusual because Mr M had opened the Revolut account on 15 May 2023 and then made significant transactions to a cryptocurrency merchant. He said it ought to have contacted him to ask him about the purpose of the payments, whether he'd made sufficient checks about the legitimacy of the payee and provided information about the particular scam type.

They said that if Revolut had intervened, Mr M would have realised he'd been scammed, and his loss would have been prevented. But Revolut refused to refund any of the money and so Mr M complained to this service.

Commenting further in response to the complaint, Revolut maintained its actions were proportionate to the risk, explaining that Mr M had created the account on 15 May 2023, giving the purpose of the account as 'transfers'. The first transaction was identified as high risk because it was to a new payee, Mr M was asked whether he trusted the payee and he confirmed he wished to proceed.

It argued that Mr M's actions were negligent because he failed to undertake sufficient due diligence and ignored the warnings he was shown on the app. It also suggested he was told he would never lose his deposits, which is unrealistic.

It said it didn't attempt recovery of the funds because the letter of complaint lacked sufficient information and given the length of time that had passed, it was likely that the funds weren't available.

Our investigator didn't think the complaint should be upheld. She didn't think the scam payments were unusual or suspicious considering the activity on the account. She noted the account was newly opened and so there was no previous account activity for Revolut to compare the payments with and she didn't think the spending was significant, so Revolut didn't need to intervene.

Our investigator also explained that Mr M had contacted Revolut on 23 May 2023 to ask how he could submit a chargeback dispute, but he didn't report the scam until 14 March 2024 and she was satisfied it was likely that the funds had already been removed from the recipient account. So, he didn't think it was unreasonable that Revolut didn't contact the recipient bank to request recovery. And she didn't think he was entitled to any compensation.

Mr M has asked for the complaint to be reviewed by an Ombudsman arguing that Revolut should have noticed the transactions were suspicious.

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'm sorry to hear that Mr M has been the victim of a cruel scam. I know he feels strongly about this complaint, and this will come as a disappointment to him, so I'll explain why.

I'm satisfied Mr M 'authorised' the payments for the purposes of the of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although he didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of his bank account, he is presumed liable for the loss in the first instance.

Although Mr M didn't intend his money to go to scammers, he did authorise the disputed payments. Revolut is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

Prevention

Revolut was an emoney/money remittance provider and at the time these events took place it wasn't subject to all of the same rules, regulations and best practice that applied to banks and building societies. But it was subject to the FCA's Principles for Businesses and BCBS 2 and owed a duty of care to protect its customers against the risk of fraud and scams so far as reasonably possible.

I've thought about whether Revolut could have done more to prevent Mr M's loss. Revolut ought to fairly and reasonably be alert to fraud and scams, so I need to consider whether it did enough when Mr M tried to make the payments. If there are unusual or suspicious payments on an account, I'd expect Revolut to intervene with a view to protecting him from financial harm due to fraud.

The initial payment of £942 triggered Revolut's systems and Mr M was shown a generic written warning before he authorised the payment. I've considered whether this was proportionate to the risk and based on the fact the payment wasn't particularly high value, it was in line with the purpose given for the account opening and it wasn't apparent that Mr M was buying cryptocurrency, I'm satisfied that it was.

I've also considered whether Revolut should have done more when Mr M made the second payment. The payee wasn't a cryptocurrency merchant and so even though Mr M had made payments into a new account from other of his accounts and funds were transferred to different currencies, including cryptocurrency and back to pounds before he made the payment, none of those transactions left the account, and I don't think £4,000 is large enough to have triggered Revolut's systems based on its value alone. So, I don't think Revolut missed an opportunity to intervene.

Compensation

The main cause for the upset was the scammer who persuaded Mr M to part with his funds and as I haven't found any errors or delays to Revolut's investigation, I don't think he's entitled to any compensation.

Recovery

I don't think there was a realistic prospect of a successful recovery because Mr M didn't report the scam until 14 March 2024, so it's unlikely any funds would have remained in the recipient account.

Overall, I'm satisfied Revolut took the correct steps prior to the funds being released – as well as the steps it took after being notified of the potential fraud. I'm sorry to hear Mr M has lost money and the effect this has had on him. But for the reasons I've explained, I don't think Revolut is to blame for this and so I can't fairly tell it to do anything further to resolve this complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 22 October 2024.

Carolyn Bonnell
Ombudsman