

The complaint

Mr M complains that Revolut Ltd didn't do enough to protect him when he was falling victim to a scam and hasn't refunded any of his loss since he reported what happened.

Mr M is represented in his complaint by a claims management company. But, for the sake of clarity, I'll mostly refer to Mr M throughout.

What happened

The background to this complaint is well-known to both parties and so my summary of events will be brief.

Mr M was sadly the victim of an investment scam in 2021. He believed he was investing in cryptocurrencies but had been dealing with scammers and he lost all the money put into the scam. These losses were from another account held by Mr M – at a bank I'll call B – and not with Revolut. Over £50,000 was lost to that scam.

In late 2022 Mr M was contacted by scammers again. This time they were posing as a business which claimed to help recover cryptocurrency scam losses. Mr M has explained that they knew details about him and the scam he'd previously fallen victim to. And he's said that they were able to show him a cryptocurrency wallet which appeared to contain the cryptocurrency he'd lost before. Unaware at the time these were scammers, Mr M sought to engage their services.

To do so, Mr M used cryptocurrency wallets to send money to the scammers. The money was paid from Mr M's account with B to his Revolut account. From there it was paid to cryptocurrency wallets before being moved on to the scammers. Most payments were made using Mr M's Revolut card details. Mr M was told the payments were needed for the payment of taxes and liquidation fees.

Having been engaged with these scammers for several weeks, Mr M was then contacted by what appears to have been a different group of scammers. This group informed Mr M that the people he'd recently been in contact with regarding the recovery of his lost funds were scammers themselves. This new group said that they could recover the money Mr M had lost to the previous one. Mr M was persuaded to proceed and started sending funds in broadly the same way as before, this time being told payments needed to be paid for network fees incurred in the recovery process.

Mr M did receive some funds back over the course of the two scams, but far short of what he'd paid away, which was in excess of £95,000, between December 2022 and April 2023.

Once Mr M realised something was wrong, he contacted Revolut about what had happened, via the claims management company he's engaged. Revolut responded saying it wasn't going to refund any of the money lost. In its final response it indicated that it might investigate further if Mr M provided more detail. But, instead, Mr M brought his complaint to our service.

One of our investigator's considered the complaint and didn't think it should be upheld. He found that Revolut ought to have questioned the payments being made by Mr M, given they appeared unusual and there were some common scam risk factors present. But he didn't think intervention from Revolut would have made a difference and that Mr M would have proceeded with the payments anyway. In making that finding, the investigator considered evidence provided by Revolut and by B.

B had intervened in two payments that were being sent from it to Mr M's Revolut account. Our investigator noted that Mr M didn't tell B what the payments were really for, instead saying the money was being sent for a holiday and for the purchase of insurance. He also considered some of the calls Mr M had had with B when he fell victim to the investment scam in 2021 and where Mr M hadn't disclosed the facts behind what he was doing.

Mr M didn't accept our investigator's findings and 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.

I'm sorry to disappoint Mr M but I'm not upholding his complaint. I don't doubt the significant impact these events have had on Mr M, not only financially but also in consideration of his mental and emotional wellbeing. It's particularly cruel that he's been targeted by scammers multiple times. But I'm not persuaded it would be fair and reasonable for Revolut to be held responsible for his loss. I'll explain why.

The starting point at law is that Revolut should execute payment instructions received from Mr M quickly and with minimal friction. Where those payments are properly authorised Mr M is generally considered to be responsible for them, even where they might have been made as part of a scam. The relevant legislation here is the Payment Service Regulations (2017) with the terms and conditions for Mr M's account echoing these.

But, considering longstanding regulatory expectations and requirements and what I consider to have been good industry practice at the time, Revolut should in December 2022 (and beyond) fairly and reasonably 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.

Like our investigator I find Revolut ought to have been concerned about the activity it was seeing on Mr M's account. It had been little used prior to these scams taking place and then, from December 2022, there were thousands of pounds being moved through the account quickly. And all the money received into the account was being swiftly paid away to cryptocurrency platforms, which Revolut ought fairly and reasonably to have been aware bore a high scam risk (higher than, for instance, payments to other merchants or individuals).

However, I'm not persuaded that interventions would have made a difference here. The first intervention that ought to have taken place should have been a written warning, tailored to the scam risk that was being presented to Revolut.

When the frequency and value of payments went on to increase substantially, and in a short period of time, Revolut ought to have moved to a more significant degree of intervention. Payment instructions ought to have been suspended so they could be discussed with Mr M, most likely in the Revolut app, using the live chat function. What ought to then have followed was a dynamic conversation including tailored open questions, with a consideration of the

responses being given by Mr M. And a warning about cryptocurrency related scams – highlighting the common features of such scams – ought then to have been given. But, having taken account of all available evidence, I'm not persuaded it's more likely than not Mr M would have either revealed what he believed he was sending the money for or to have stopped what he was doing in the face of a warning from Revolut. There are several key reasons for this.

Mr M appears to have been in regular contact with the various scammers, speaking on the phone and being contacted through WhatsApp. It seems he was completely drawn in by what he was being told, and accepted the parties were legitimate for the two concurrent scams. From what I can see, this acceptance came with little to show the parties as having been genuine.

I understand Mr M has said he could find nothing negative online about either of the businesses he was supposedly contacted by. But then I've seen no evidence of anything to suggest their legitimacy either. I can find little to no trace of the first business. The second one appears to have relied on the name of a genuine company, used illegitimately and without permission. But no steps were taken to verify any of the scammers were from any of the businesses that were supposed to be involved. Despite this, Mr M appears to have had complete faith in what he was being told.

It seems likely part of the reason for that was, for the scam that started in December 2022, the scammers knew details about him, including his previous loss. So I can understand why Mr M found this element to be convincing.

It's evident from the messages between Mr M and the scammers that he had come to trust them a great deal. In January 2023 Mr M had reached out to the support line of a genuine cryptocurrency provider. He'd done so as this was the provider that the scammers said his money was held with. He'd contacted them, it appears, to question the legitimacy of what he was being told. And it's evident the firm informed him that what he was being told by the scammers wasn't true.

Mr M went on to present this information back to the scammers, challenging them and their legitimacy. It's unclear to me what explanation the scammers then gave to Mr M as there's a limit to what's covered in the messages we've been provided. But it does appear evident that Mr M accepted the scammer's explanation and continued to make payments. That doesn't appear to have been reasonable, given what he'd been told by the genuine firm. And what it does highlight is a willingness to follow the scammers' instructions, even in the face of very concerning information being presented to Mr M.

One of our investigator's spoke to Mr M about the circumstances of the complaint prior to any findings being issued. In that conversation Mr M said he realised the first supposed business was a scam when he got that information from the cryptocurrency firm. I can appreciate Mr M's recollection of events may have become blurred over time, especially as he's said he's continued to be bombarded by contact from similar scammers. But it doesn't appear to be the case that the information from the cryptocurrency firm did reveal the scam to him and he was happy to continue even when in possession of it. He had that information by 24 January 2023 at the latest, considering the date of messages sent to and received from the scammers. But he continued to make payments to them after that date. This is why I'm satisfied he was persuaded by the scammers to continue with what he was doing, despite strong indicators all was not as it seemed.

I've also taken account of the calls with B, where it intervened in payments being made to Mr M's Revolut account. I'll note here that B had less of an indication of a scam taking place. It couldn't see that the money was being sent on to a cryptocurrency wallet. Instead, it

appeared Mr M was sending money to one of his other accounts. That likely affected the questions B asked. It's also worth noting here that I'm not making any findings against B. It isn't a party to this complaint and hasn't been investigated. But the interventions are still relevant and can be used to inform the outcome of Mr M's complaint against Revolut.

When B first spoke to Mr M it asked why he was making the payment to Revolut. In response, Mr M gave a long and detailed answer about how the funds were to be used in connection with a holiday. B didn't probe much further and appears to have been satisfied by Mr M's explanation. I suspect there was an element of truth to Mr M's story, in that it probably reflected his circumstances and situations he'd been in. And Mr M does say to the scammers at one point that he was sending over money which had been otherwise earmarked for holiday use.

B spoke to Mr M a second time. He didn't give as detailed an explanation as with the first call. B did ask questions, but Mr M wasn't as forthcoming with his responses, generally stating that the money was being sent to Revolut as he was using that account more and more (which wasn't the case) and so he could then buy 'insurances'.

It is, however, clear that the reasons given by Mr M weren't the intended purpose of the transfers on either occasion. The money was quickly paid away to cryptocurrency wallets and there was no other activity on the Revolut account. I don't know why Mr M didn't tell B the truth of what he was doing, but it appears he wanted to avoid saying what the real purpose of the transfers was. It's fair and reasonable to conclude that any similar interactions with Revolut would have been responded to in similar fashion by Mr M.

Mr M's representatives have said Mr M wasn't deliberately dishonest and that, instead, he hadn't appreciated the purpose of the interventions. But I'm not persuaded by that explanation. The evidence does suggest he didn't want to tell B about what he was doing. It seems more likely than not he was being instructed by the scammers in that regard. I find it's fair and reasonable to say that the line of questioning on both calls is clearly about scam prevention and protecting Mr M's money. As much is said by the agent of B, making the purpose of the calls clear. And I also have in mind that Mr M, at this stage, knew he'd been the victim of a scam in 2021 and where there were numerous interventions in payments he was making during that time. He was then familiar and had experience with B questioning the purpose of payments with a view to avoiding scams. He also believed that he'd been the victim of a scam again when the second intervention from B was made.

It appears that one of the cryptocurrency wallet providers Mr M sent money to also questioned what he was doing. This service doesn't know exactly what questions were asked as we've not been provided with that evidence. But what I can see evidence of is Mr M asking the scammers what he should do in response to those questions. This, along with the interactions with B, strongly suggest to me that Mr M would have reverted to the scammers should there have been intervention from Revolut. And he would more likely than not have followed their advice to see payments completed, one way or another.

With all of this in mind, whilst I'm satisfied Revolut needed to do more to try to protect Mr M, I'm not persuaded the appropriate interventions would have seen the scams avoided. The evidence supports that Mr M wouldn't have revealed the true nature of what he was doing and he would more likely than not have found a way to make the payments one way or another, including seeking help from the scammers themselves. That being the case, whilst there may have been an error on Revolut's part, I can't say it would be fair and reasonable for it to be responsible for Mr M's loss. I consider it more likely than not the loss would still have been suffered, even if Revolut had acted as it ought to have done.

I can't see any other reason to uphold Mr M's complaint outside of the above considerations.

Any attempts to recover funds or chargeback card transactions would never have been successful. That's because we know all payments were made to cryptocurrency wallets in Mr M's name, those payments were properly authorised, and the funds had then been paid away. That would mean there was either no money to recover or there was no valid chargeback right.

My final decision

I don't uphold this complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 February 2025.

Ben Murray
Ombudsman