

The complaint

Mr E complains about the actions of Revolut Ltd when he lost money to a scam.

Mr E is being represented by a claims management company but for ease of reading I'll only refer to Mr E.

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 2023 Mr E received a message from an individual purporting to work for a recruitment company. After conversations with the individual Mr E agreed to what he thought was a job where he was asked to increase the exposure and visibility of products for certain merchants online in order to earn commission. He was given access to a platform that provided some training and understanding on how to earn the commission with the support of the individual who had contacted him. He was then told he needed to set up wallets with genuine crypto exchanges.

Date	Time	Type of transaction	Amount
09 April 2023	13:52	Card Payment to Crypto exchange	£350
09 April 2023	14:11	Card Payment to Crypto exchange	£200
11 April 2023	11:12	Transfer to beneficiary account	£4,000
11 April 2023	12:30	Transfer to beneficiary account	£4,000
11 April 2023	13:09	Transfer to Crypto exchange	£4,000
25 April 2023	12:54	Transfer to Crypto exchange	£4,000
25 April 2023	16:05	Transfer to Crypto exchange	£4,000
		Total	£20,550

Mr E realised he had been scammed when he was told he needed to keep topping up his account to bring it back into a positive balance. But despite making the payments his account remained in a negative balance. So, he contacted Revolut to ask for his money back. Revolut considered the claim but said it wouldn't be offering Mr E a refund. It also said it had been unable to retrieve his money via chargeback or asking the beneficiary account to return the third and fourth payments for this scam. Mr E remained unhappy so he brought his complaint to this service.

Our investigator reviewed the complaint but didn't think it should be upheld. He said that he thought a proportionate intervention would've been for Revolut to provide a tailored warning

about cryptocurrency investment scams but that this wouldn't have likely stopped Mr E from continuing with the payments.

Mr E disagreed. He said that Revolut should've done more here and that he would've listened to any further intervention.

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 E 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've read and considered the whole file. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome.

Where the evidence is incomplete, inconclusive, or contradictory (as it is here), I have to make my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in the light of the available evidence and the wider surrounding circumstances.

It is common ground that Mr E authorised the scam payments of around £20,550. I accept that these were authorised payments even though Mr E was the victim of a scam. So, although it wasn't his intention to pay money to the scammers, under the Payment Services Regulations 2017 (PSRs) and the terms of his account, Mr E is presumed liable for the loss in the first instance.

However, taking into account the law, regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Revolut to take additional steps or make additional checks before processing a payment in order to help protect customers from the possibility of financial harm from fraud.

Revolut's first obligation is to follow the instructions that Mr E provides. But if those instructions are sufficiently unusual or uncharacteristic for the account, I'd expect Revolut to intervene and to ask their customer more about the intended transaction before processing it. I'd also expect Revolut to provide suitable warnings about common scams to help their customers make an informed decision as to whether to continue with the payment. There might also be cases where it's appropriate for Revolut to refuse to follow the instruction if there are good grounds to believe it is being made as a result of a fraud or scam.

From Mr E's account history, I've noted that he had previously sent some genuine payments ranging from £2,245 to £2,500. So, I don't think the first three payments here would've been considered so unusual, considering his previous account activity, that Revolut would've been expected to take any further action.

But Revolut did flag two of the three payments Mr E made on 11 April 2023 towards this scam. One of the payments was to a merchant and the other one, which was after, was to a genuine cryptocurrency exchange. Based upon the previous account history and all the circumstances here I'm satisfied Revolut reasonably stopped those payments.

Here Revolut asked Mr E why he was making the payments and he said both were for 'Goods and Services'. As a result, Revolut provided some generic scam warnings to Mr E about scams for this payment reason which mentioned whether the price was too good to be true and for Mr E to research the seller. For the first payment Revolut stopped to the merchant on 11 April 2023, I'm satisfied that the warning it provided was reasonable and proportionate response based upon the payment reason Mr E provided and the fact it was a transfer to a merchant.

In relation to the later payment that Revolut stopped on 11 April 2023 to the crypto exchange, I believe in the circumstances that Revolut should've provided a tailored warning about crypto investment scams as that would've been a more proportionate response in relation to that payment. But even if Revolut had provided that warning it would've unlikely resonated with Mr E because it wasn't the nature of the scam he fell victim to because he wasn't making an investment.

At the time Mr E was making the payment he said that he was under pressure to send money to the scammers because he could lose everything he had sent up to that point. And he was satisfied that the scammers platform looked and felt genuine thanks to the support he had received and the research he had completed before agreeing to start making the payments. So, I'm satisfied Mr E more likely than not trusted the scammer to the extent that a warning about crypto investment scams wouldn't have brought the scam to Mr E's attention so that he would've stopped and not continued with the payment. And by the time Mr E wanted to send further payments on 25 April 2023 a pattern of spending had emerged on his account so that I don't think any further intervention by Revolut would've been necessary in this instance beyond providing more cryptocurrency investment scam warnings which unlikely would've resonated with Mr E here for the same reasons I've explained above.

I've considered whether Revolut acted reasonably when it was made aware of the scam. Having done so, I'm satisfied Revolut did what it should have when Mr E raised the scam. But when it asked the beneficiary bank he had sent the money to if there was any money to recover it had already been removed. And because he sent money to a genuine trading platform via a transfer to his own account it was unable to recover the money. Mr E also used a debit card, but because he had received the service he paid for (exchanging and transferring cryptocurrency), Revolut wasn't able to recover any of his funds here.

I appreciate this will come as a disappointment to Mr E, and I'm sorry to hear that he has been the victim of a cruel scam. I do understand that he says he was vulnerable at the time but I can't take that into consideration here as Revolut weren't aware of these issues. As a result, I'm not persuaded that Revolut can fairly or reasonably be held liable for his loss 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 E to accept or reject my decision before 8 November 2024.

Mark Dobson
Ombudsman