

Complaint

Mr Y is unhappy that Revolut Ltd didn't reimburse him after he fell victim to an investment scam. Mr Y has brought this complaint with the assistance of a professional representative but, for simplicity's sake, I've generally referred to him in the text of this decision.

Background

In November 2023, Mr Y was contacted by someone who claimed to have messaged the wrong number. A conversation between the two followed which eventually led to discussions about investments that would generate monthly income. Mr Y was persuaded to go ahead and made a small initial investment, which appeared to grow over time. He says he was then told the scammers had credited his investment account with funds they claimed to have loaned to him. They said he needed to repay this in order to access his funds.

On 21 November 2021, Mr Y used his Revolut account to make two payments — one for €2,069.80 and another for €2,172.29 — to a third-party cryptocurrency exchange. Revolut had blocked earlier attempts to make payments to two different cryptocurrency exchanges before allowing these transactions. It also blocked another attempt to pay the same merchant two days later.

Once Mr Y realised he'd been scammed, he reported it to Revolut. He says if Revolut had properly questioned payments that were out of character, he would've been protected from a significant loss. Revolut didn't agree to pay him a refund. Mr Y wasn't happy with this response and so he referred his complaint to this service. It was looked at by an investigator who didn't uphold it. Mr Y disagreed with the investigator's view, so the case has been passed to me to make a final decision.

Findings

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 a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the customer's account. Mr Y did authorise these payments and so he is presumed liable at the first instance.

However, that isn't the end of the story. Good industry practice required that Revolut be on the lookout for account activity or payments that were unusual or out of character to the extent that they might indicate a fraud risk. On spotting such a payment, I'd expect it to take steps to protect their customer. That might be as simple as providing a written warning as part of the payment process or it might extend to making contact with the customer to establish the circumstances surrounding the payment.

In this case, Mr Y's account with Revolut was new and appears to have been set up specifically for the purpose of making these investment payments. That meant it didn't have

any historic data to assess whether this activity was out of character. Nonetheless, I still think it had grounds for concern. Mr Y was making payments to a cryptocurrency exchange, which are widely recognised as high-risk for fraud. Revolut had already blocked earlier attempts to pay two different cryptocurrency firms, and later blocked another attempt to pay the same recipient on 23 November. During an in-app chat, a Revolut employee explained that the payment had been declined due to its *“possible high-risk nature”*. Finally, I think the value of the transactions was high enough to warrant further scrutiny.

When questioned at the time, Mr Y told Revolut that he had experience with payments relating to cryptocurrency and that the account was his personal one. He also said he knew what he was doing. Revolut did show Mr Y a warning, and I think that was a proportionate response in the circumstances, particularly given the reassurances he gave. The warning also touched on relevant risks, such as the use of remote access software, which were relevant in Mr Y's case.

While I'm surprised it didn't take the opportunity to ask him some further questions to understand the context when he contacted it via the in-app chat, I don't think it was required to do more. However, even if it had done so, I'm not persuaded it would've made a difference. I say that because, on 23 November, Revolut did ask more probing questions in connection with a further payment attempt. Mr Y said he was acting on a friend's recommendation and had several months of experience investing in cryptocurrency. He also denied downloading any remote access software, which wasn't the case. Ultimately, he declined to answer further questions and chose to close his account and move his funds elsewhere.

Mr Y's representatives said that Revolut should've questioned the earlier payments, and that there's no evidence he was coached or told to lie. That may be so, but it's difficult to reconcile that with the fact that Mr Y gave misleading responses when Revolut did take a more interventionist approach two days later. Taking all of this into account, I think it's more likely than not that Mr Y would've proceeded with the earlier transactions even if Revolut had asked further questions or provided a warning.

I don't say any of this to downplay the fact that Mr Y fell victim to a cruel and cynical scam. I have a great deal of sympathy for him and the position he's found himself in. However, my role is to look at the actions and inactions of Revolut and, while it might have handled things differently here, I'm not persuaded any potential failing on its part was the cause of Mr Y's losses.

Final decision

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 28 April 2025.

James Kimmitt
Ombudsman