

The complaint

Mr B complains that Revolut Ltd ('Revolut') won't refund him after he fell victim to a scam.

What happened

In 2022, Mr B invested with a company online, that offered cryptocurrency trading. When Mr B tried to withdraw his investment, he was told that it had been blocked by a cryptocurrency company who were part of the payment chain. Unfortunately, Mr B had been the victim of an investment scam.

Shortly after, Mr B was contacted by someone who said they could recover his funds from the cryptocurrency company. This contact said they worked for a firm I'll refer to as S. Mr B searched online and found that S was a genuine company.

Mr B was told he had to pay various fees to release his investment funds. Unfortunately, this was a recovery scam, and the person who contacted Mr B didn't actually work for S.

Mr B says he was given different reasons for each of the payments he was asked to make, including fees for creating a wallet, fees for generating a new key for the wallet and various other fees.

Mr B says the contact at S was very knowledgeable about cryptocurrency and suggested that Mr B open an account at Revolut as it would be easier to make the cryptocurrency payments. So, Mr B opened an account with Revolut in December 2022.

The contact also got Mr B to open a cryptocurrency wallet with a genuine cryptocurrency exchange, who I'll refer to as D. Mr B was persuaded to download a screen sharing application which allowed the contact at S to help Mr B send funds from his cryptocurrency wallet at D, to cryptocurrency wallets controlled by the scammer.

Mr B funded some of his payments by borrowing money from family and friends. He also moved money into his Revolut account from accounts he held with other banks. One of the banks that he used to fund his Revolut payments, intervened when Mr B was making payments on 5 December 2022, 9 December 2022 and 13 December 2022. This was because the payments he was making were flagged by their system as suspicious. I'll refer to this bank as bank F.

These are the payments that Mr B made as part of the recovery scam from his Revolut account.

Date	Time	Details of transaction	Amount
5.12.2022	17:21	Card payment to cryptocurrency exchange D	£1,000
5.12.2022	17:23	Card payment to cryptocurrency exchange D	£5,000
5.12.2022	17:24	Card payment to cryptocurrency exchange D	£5,000
5.12.2022	17:30	Card payment to cryptocurrency exchange D	£4,000
9.12.2022	12:18	Card payment to cryptocurrency exchange D	£9,500
13.12.2022		<i>Card payment to cryptocurrency exchange D – declined</i>	£5,135
13.12.2022		<i>Card payment to cryptocurrency exchange D – declined</i>	£5,135
14.12.2022	09:16	Card payment to cryptocurrency exchange D	£5,130
14.12.2022	17:41	Card payment to cryptocurrency exchange D	£5,130
20.12.2022	15:53	Card payment to cryptocurrency exchange D	£5,000
20.12.2022	15:55	Card payment to cryptocurrency exchange D	£4,999
20.12.2022	15:55	Card payment to cryptocurrency exchange D	£4,998
20.12.2022	15:57	Card payment to cryptocurrency exchange D	£3,500
29.12.2022	14:09	Card payment to cryptocurrency exchange D	£5,000
29.12.2022	14:12	Card payment to cryptocurrency exchange D	£4,998
29.12.2022	14:13	Card payment to cryptocurrency exchange D	£4,996
29.12.2022	14:14	Card payment to cryptocurrency exchange D	£3,009
29.12.2022	15:24	Card payment to cryptocurrency exchange D	£1,100
9.1.2023	15:52	Card payment to cryptocurrency exchange D	£4,100
20.1.2023	11:28	Card payment to cryptocurrency exchange D	£3,999

Revolut declined two payments on 13 December 2022 and completed an internal review of Mr B's account. This was completed on 14 December 2022 and blocks were removed from Mr B's account.

Ultimately, Mr B didn't receive any money back and after he'd made his last payment on 20 January 2023, the contact at S stopped communicating with Mr B.

On 24 January 2023, Mr B contacted Revolut through the in-app chat and asked them to refund the payments he'd made. Mr B was given instructions on how to raise a chargeback, but he didn't complete the process.

Mr B engaged a professional representative who contacted Revolut in February 2023, asking that they refund Mr B.

Revolut investigated Mr B's fraud claim but declined to refund him. Revolut say a chargeback wouldn't have been successful as Mr B authorised the card payments, and that Revolut weren't liable for his loss as they had processed the payments in line with Mr B's instructions.

Mr B wasn't happy with Revolut's response, so his representative brought a complaint to our service.

An investigator looked into Mr B's complaint but didn't recommend that Revolut refund him. The investigator felt Revolut should've intervened on 5 December 2022 based on the pattern of payments, and that human intervention would've been appropriate. However, the investigator wasn't persuaded that intervention by Revolut would've prevented Mr B's loss

based on what he'd told bank F when they intervened, and the coaching he was given by the scammer in answering bank F's questions.

Mr B didn't agree with the investigator's opinion and raised the following points:

- Mr B wasn't given a detailed cover story by the scammer and the answers he gave bank F wouldn't have held up to any degree of scrutiny based on the information available to Revolut about the payments being made to a cryptocurrency exchange.
- Mr B was the victim of a very sophisticated scam, so the contact at S appeared legitimate.
- Mr B wouldn't have made the payments if he was aware that the funds weren't recoverable.
- Revolut should've intervened when Mr B made the second payment, based on the amount of money that had been sent in a short period of time.

As the complaint couldn't be resolved informally, it was passed to me to review.

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 really sorry to disappoint Mr B, as he's lost a significant amount of money as the result of a very sophisticated scam. But I've reached the same answer as the investigator, and I'll explain why.

In broad terms, the starting position in law is that Revolut are expected to process payments that a customer authorises them to make, in accordance with the terms and conditions of the customer's account and the Payment Services Regulations 2017 (PSR's).

But, taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Revolut should fairly and reasonably have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams.

Also, I'd expect Revolut to have systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). And where a potential risk of financial harm is identified, to have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – as in practice all banks do.

Should Revolut have intervened when Mr B made the payments?

Revolut declined two card payments on 13 December 2022, while they completed an internal review. However, I think Revolut should've intervened prior to this point based on the concerning pattern of payments.

I realise that this was a new account, so Revolut didn't have any previous account activity to compare these payments to. But Mr B made two card payments in the space of a couple of minutes, which totalled more than £5,000 and were going to a well-known cryptocurrency exchange. By the time Mr B made the fourth payment, he'd sent £15,000 in less than ten minutes.

Based on the payment pattern, the amount of money involved and the payee being a clearly identifiable cryptocurrency exchange, I would've expected Revolut to have been concerned and intervened on 5 December.

What intervention would've been appropriate?

By the time Mr B made the fourth payment, I'd expect Revolut to have provided human intervention, which would most likely have meant referring Mr B to talk to one of their specialists through the in-app chat.

I would've expected Revolut to ask Mr B questions about the payment purpose, and open questions to identify if Mr B was potentially at risk of financial harm.

It's difficult to say what questions they should've asked, and it's unclear what Mr B would've told them was the purpose for the payments. However, I don't think I need to specify what questions they would've or should've asked, as I don't think intervention would've prevented Mr B's loss.

Would intervention have made a difference?

Where there is a dispute about what happened, and the evidence is incomplete or contradictory, I've reached my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened considering the available evidence.

When bank F intervened on 13 December 2022, they discussed the payments with Mr B. Bank F asked Mr B why he was making the payments, and Mr B said he was trying to earn interest on his money. Bank F asked if the Revolut account Mr B was transferring the money to offered an interest rate, and Mr B said it did. Bank F asked when Mr B had opened his Revolut account and whether he would be making more payments to that account. Mr B told bank F he'd opened the Revolut account about a month prior and that he wasn't going to make any more payments.

Mr B says that he answered bank F's questions honestly, however he wasn't transferring the funds to his Revolut account to earn interest. He was transferring the funds in order to purchase cryptocurrency as part of the recovery scam.

Mr B told our investigator the scammer had coached him on what to say in answer to the questions bank F asked. The scammer had also told Mr B that banks don't like customers making money, that he shouldn't listen to his bank, and they'd told him to lie to the bank. Mr B said that he believed the contact at S was legitimate based on the research he'd done, and that if Revolut had asked him questions about the payments, it's likely the scammer would've told him how to answer the questions and that he would've given the answers they gave him.

Based on what Mr B has told us, and the calls he had with bank F, I think it's more likely than not Mr B wouldn't have answered Revolut's questions honestly if they had intervened. I think it's most likely the scammer would've given answers that either would've prevented Revolut from identifying that Mr B was at financial risk of harm or prevented Revolut from identifying the type of scam Mr B was falling victim to. Also, it would've prevented Revolut from providing Mr B with a relevant warning that might've resonated with him.

I appreciate that Mr B couldn't have given Revolut the same reasons for the payments as he gave bank F, as Revolut had different information available as it knew Mr B was paying a cryptocurrency exchange. However, I think it's more likely than not the scammer would've given plausible answers to any questions Revolut asked. I'm not satisfied that I can fairly say

Mr B wouldn't have listened to the scammers, based on what happened during the calls with bank F.

So, I'm not satisfied that intervention by Revolut would've uncovered the scam, prevented Mr B from making the payments, or prevented Mr B's loss.

Recovery of funds

All of the card payments were used to buy cryptocurrency which was paid into a wallet Mr B held with D.

As the money went into a wallet held in Mr B's name that Mr B had access to, a chargeback wouldn't have been successful. The merchant (D) provided the service paid for, the purchase of cryptocurrency. Chargeback looks at the merchant who was paid and whether they provided the service paid for, it doesn't look at who eventually ends up with the funds.

So, I'm not satisfied that Revolut could've recovered Mr B's payments through chargeback.

I'm sorry that Mr B has been the victim of a very sophisticated scam, but I'm not satisfied that I can hold Revolut liable for his loss or ask them to refund him.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 4 December 2024.

Lisa Lowe
Ombudsman