

The complaint

Mr C complains that Revolut Ltd hasn't refunded the money he lost when he fell victim to a scam.

What happened

In June 2022 Mr C came across an advert on social media for a cryptocurrency investment platform, which I'll call "B", he says it appeared to be endorsed by a financial journalist and that he did an internet search of B to check that it was real. Mr C spoke to someone at B who told him they'd be able to help him earn good returns on cryptocurrency investments. They said they had previously worked for a well-known high street bank where Mr C's money was invested at that time, and told Mr C he wasn't getting the best returns by leaving his money with that bank. Mr C opened an account with Revolut to facilitate the transfer of funds from his main bank accounts to a cryptocurrency platform. In total, Mr C invested over £300,000 in what he believed was a legitimate investment scheme. Unfortunately, and unknown to Mr C, the people he was dealing with were not legitimate, he was the victim of a scam.

Mr C believed he had made a good profit on this investment – he was shown data that suggested this was the case – but when he wanted to withdraw his profits, and was unable to, he realised he had been the victim of a scam.

Revolut looked into what had happened, but declined to refund any of Mr C's loss. It said that it had taken appropriate steps to intervene in the payments Mr C was making, and did not consider that Mr C had done enough to check the legitimacy of the investment before making the payments that are in dispute here. Mr C didn't accept this, so he referred his complaint to our service.

One of our Investigators looked into his complaint. They thought Revolut should have done more to intervene given the very high value of some of the payments made as part of this scam (the highest payment Mr C made from his Revolut account was for over £100,000), but they did not consider that any proportionate intervention from Revolut would have stopped the scam. They said this was because Mr C was being coached by the scammers, as evidenced by his interactions with other banks he made payments from, and so was not likely to be honest with Revolut about what the payments were for.

Mr C remained unhappy, so his case has now been referred to me to reach a final decision.

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 overall outcome as the investigator, I'll explain why.

Firstly, Mr C has said that he was unaware of the payments being made from his Revolut account to the cryptocurrency account, he also says that he had no involvement in setting up

that cryptocurrency account. He says the scammers used remote access software to make the payments without his permission. Essentially, he is suggesting that the payments in dispute here were not authorised.

But the evidence I have seen does not support that. While it is certainly possible that the scammers used remote access software at some stage during the scam, the evidence I have seen across Mr C's cases with this service suggests that he was aware of the payments being made and of the existence of the cryptocurrency account.

Mr C discussed payments made to the cryptocurrency account with one of the other banks he made payments from. And the payments into his Revolut account that directly funded the payments to cryptocurrency were made in branch, and so clearly were made with Mr C's knowledge and permission. I can also see that, on occasion, the payments to cryptocurrency were made within minutes of payments to third parties that Mr C says he did make, and using the same device. Revolut has also said that there are technical features of its app that mean remote access software can't be used to approve transfers. With all of this in mind, I'm satisfied that Mr C most likely did authorise the payments himself or otherwise knowingly allow them to be made.

So as per the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means Mr C is responsible for them. That remains the case even though he was the unfortunate victim of a scam.

Because of this, Mr C is not automatically entitled to a refund. And Revolut is not a signatory of the Contingent Reimbursement Model Code (the Code), and so the terms of the Code are also not relevant here. Nonetheless, the regulatory landscape, along with good industry practice, sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams.

Taking the above into consideration, I need to decide whether Revolut acted fairly and reasonably in its dealings with Mr C, or whether it should have done more than it did.

In this case, I agree with our Investigator that the value of the payments Mr C was making from his Revolut account – plus the fact that the payments were identifiably to an account associated with cryptocurrency – means that Revolut should have done more to ensure that Mr C was not at risk of financial harm. Given the high values we are talking about here, I think this should have been in the form of direct contact with Mr C via the Revolut app (or potentially on the phone if it had to been able to make contact on the app).

However, with all I've seen about the interactions Mr C had with the other banks from which he made payments to the scam, and from which he made payments to his Revolut account to fund the scam, I'm satisfied that any further intervention from Revolut would not have stopped Mr C from proceeding with the payments.

I say this because Mr C appears to have been coached by the scammer to mislead the various banks about why he was making the payments that are part of this scam. Specifically, I am aware that when making payments direct to the cryptocurrency account from one of his bank accounts, Mr C was provided with a detailed warning about the hallmarks of cryptocurrency scams, including various points that should have resonated with Mr C as they related to the situation he was in. But Mr C misled this bank by saying that nobody was helping him with his investment, and that no other party had access to his cryptocurrency account.

And when making payments to Revolut from a bank account held at another bank, Mr C was also not honest about what the payments were for. He appears to have told it at various times that he was making a payment to facilitate building work, and for the purchase of land for farming. And when questioned in more detail about these claims Mr C appears to have been able to answer confidently and clearly without any obvious signs that he was not being honest.

So, given that Mr C had received a relevant warning from another bank, but had continued to make payments, and that he had been dishonest with more than one bank about the circumstances surrounding the payments, it is very difficult for me to say that any similar questioning from Revolut would have given us a different result. I think it is more likely than not that Mr C would have continued to follow the instructions of the scammer and not be entirely honest about what he was doing and why.

With this in mind, I don't consider that Revolut missed an opportunity to protect Mr C from this scam or to prevent his loss.

I've also thought about whether Revolut did all it could to try to recover Mr C's funds when he told it of the scam. But given that the payments Mr C made were to his own cryptocurrency account I don't consider there is anything Revolut could have done to recover those funds.

I'm sorry to disappoint Mr C as I know that he has lost a significant amount of money. But, overall, I'm satisfied that any reasonable, proportionate intervention from Revolut would not have prevented Mr C from making further payments to the scam. It follows that I don't think Revolut is liable for his loss and won't be asking it to refund any of his losses.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 5 December 2024.

Sophie Mitchell
Ombudsman