

The complaint

Mr H complains that Revolut Ltd did not refund a series of payments he lost to a scam.

What happened

Mr H fell victim to an investment scam after he reached out to a company he found on social media. He was added to a few messaging groups about the fake investment, and was led to believe by the members of the group that they had genuinely made profits and the opportunity was legitimate, however all of the individuals were part of the scam as well. As a result, Mr H opened a Revolut account and a cryptocurrency wallet in his name. He funded the cryptocurrency wallet from his Revolut account and then forwarded the cryptocurrency to the scam investment.

Eventually, Mr H was led to believe he had £902,000 of profits in his investment portfolio, but he had to pay a fee of over \$35,000 to make a withdrawal. Mr H was able to pay enough of the fee to unfreeze his account, but he was then told he had to pay further fees to clear him of insider trading suspicions. It was after this point he realised he had been the victim of a scam. Mr H made the following payments from his Revolut account to the cryptocurrency wallet in his name:

Date	Amount
06/07/2023	£3,500
27/07/2023	£2,700
31/07/2023	£5,000
31/07/2023	£5,000
08/08/2023	£4,000

Mr H raised a scam claim with Revolut in September 2023, and they issued a final response explaining they had provided Mr H with a relevant warning, but he opted to continue with the transactions. And they were unable to recover the funds from the beneficiary bank. So, they did not agree to refund Mr H in the circumstances.

Mr H referred the complaint to our service and our Investigator looked into it. They initially upheld the complaint in part, as they felt Revolut should have intervened and provided a tailored cryptocurrency warning for the £3,500 payment. And they felt it was more likely the scam would have been revealed if they'd done so.

Mr H agreed with the outcome, but Revolut did not. Following this, the Investigator received further evidence from a third-party bank I'll call 'S' that Mr H used to fund his Revolut account. They listened to a phone call in which S intervened on a payment to Mr H's cryptocurrency wallet. In this, they provided a warning about the account the funds were being sent to and said this was related to a number of scam complaints received by the bank. They explained they had seen a number of scams involving cryptocurrency, including ponzi schemes that posed as investment opportunities.

In response, Mr H said he would cancel the payment and he had only been talking with an old school friend about cryptocurrency at a wedding the week before which is why he had

made the payments. But he said he would no longer carry on with the investment. The Investigator found that following this, Mr H made the payments to the same account details S had blocked the payment to from his Revolut account instead. Because of this, they felt that had Revolut intervened in the later payments, it was more likely Mr H would have chosen to carry on with the payments. So, they did not agree Revolut needed to reimburse Mr H.

Mr H's representative did not agree with the outcome. They felt that the earlier intervention by S did not mean Revolut did not have to take any action. And they maintained that had Revolut intervened, it was more likely the scam would have been revealed.

As an informal agreement could not be reached, the complaint has been passed to me for 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.

I'm satisfied Mr H has been the victim of a scam and I'm sorry he's had to go through this experience. What I need to decide is if Revolut should have done more to prevent the scam and if any intervention would have made a difference to the loss.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Broadly speaking, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account. And a customer will then be responsible for the transactions that they have authorised.

It's not in dispute here that Mr H authorised the payments in question as he believed they were part of a legitimate investment. So, while I recognise that he didn't intend the money to go to scammers, the starting position in law is that Revolut was obliged to follow Mr H's instruction and process the payments. Because of this, he is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also 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. So, I've also thought about whether Revolut did enough to try to keep Mr H's account safe.

As this was a new account, there was no genuine account activity for Revolut to compare the scam payments to. I think that, on balance, Revolut could reasonably have seen the payments were going to a cryptocurrency exchange and I think by July 2023 they should have been aware of the increased risk associated with transactions related to cryptocurrency. With this in mind, I think they should reasonably have provided a tailored cryptocurrency warning for the initial payment of £3,500. And I think a further warning on 31 July when Mr H made the second payment of £5,000 on the same day would have been reasonable, considering the risk level the payment posed.

I can see that Revolut did provide a warning for an initial attempted payment of £1,500 and that Mr H selected 'cryptocurrency' for the purpose of the payment. As a result, Mr H was shown a tailored cryptocurrency scam and was given the option to carry on with the payment, cancel it or speak with an agent. Mr H selected to carry on with the payment.

I therefore do think Mr H was shown a tailored cryptocurrency warning, but I recognise this was only for the initial payment, which has not been included as part of this complaint. So, I've considered if a tailored warning for either the £3,500 payment of the later £5,000 payment would have meaningfully broken the spell of the scam and prevented further payments from being made.

I've considered the earlier conversation Mr H had with S about a payment he attempted to make to the same crypto exchange as the transactions raised in the scam claim. In this, Mr H said he was trying out cryptocurrency investments after speaking with an old school friend at a wedding the week before. It's unclear why Mr H was not forthright with S about the fact he had found an investment opportunity online and was being guided on how to invest in cryptocurrency. But I think this suggests Mr H would have continued not to disclose to Revolut that anyone else was helping him to invest in cryptocurrency.

In the call with S, they warned Mr H that the account he was paying had been linked to scams and they would not allow him to make further payments from his account with them. Despite this warning, Mr H went on to send the payments from his Revolut account instead, to the exact same account details. I therefore think it is more likely that had Mr H been given another clear warning about cryptocurrency scams, it is more likely he would have continued to make the payment regardless, as he did when S gave him a warning and Revolut gave him a warning for the initial payment. I think he was convinced by the scam due to the individuals in the chat that assured him they had received funds and the fees he was being asked to pay were normal. And I don't think further intervention from Revolut at that time would have reasonably broken the spell.

I recognise that Mr H has lost a significant sum of money and I'm sorry he's gone through this experience. But I don't think Revolut missed an opportunity to meaningfully reveal the scam, so I don't think they need to reimburse Mr H in the circumstances.

My final decision

I do not uphold Mr H's complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 16 January 2025.

Rebecca Norris

Ombudsman