

Complaint

Mr S is unhappy that Revolut Ltd didn't refund him when he told it he'd fallen victim to a scam.

Background

In April 2023, Mr S fell victim to an investment scam. He received unsolicited contact via WhatsApp from someone promoting an investment opportunity. Mr S believed he was investing in cryptocurrency. He was told that he could expect to earn generous returns, but that a specific rate couldn't be guaranteed. Unfortunately, the person who had contacted Mr S wasn't an employee of a genuine investment platform, but a fraudster.

His purported broker explained how the investment was meant to work and gave Mr S access to an online platform which appeared to show live trading data. He underwent a customer verification process and was shown how the system worked. Initially, he was able to make small deposits and withdrawals using accounts held elsewhere. However, on 20 April 2023, Mr S used his Revolut account to make a payment of £100,000 to a third-party cryptocurrency exchange. Those funds were then converted into cryptocurrency and transferred into the control of the fraudsters.

It was only when Mr S tried to withdraw his earnings and he was presented with extortionate withdrawal fees that he realised he'd been scammed. He notified Revolut, but it didn't agree to refund his losses, saying it had provided him with appropriate warnings about the risks of proceeding with the payment.

Mr S wasn't happy with that response and referred his complaint to this service. It was looked at by an Investigator who didn't uphold it. Mr S disagreed with the Investigator's view, so the complaint has been passed to me to consider and come to 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. 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 warn the customer about the risk of proceeding. The nature and extent of its warning ought to be proportionate to the risk presented by the payment.

I've seen the history of the activity on Mr S's account, and I don't think it's contentious to say that this payment carried a significant fraud risk. It was for a sizeable sum, was significantly out of keeping with the way the account was typically used and was being made a third-party cryptocurrency exchange. Revolut needed to take some action in response to that risk. I can

see that Revolut did display a warning to Mr S that was written in fairly generic terms. It then asked him what the purpose of the payment was. He selected from a list of options that he was making a *"transfer to a 'safe account'"* and so he was directed to interact with an employee of Revolut via the chat function in its app.

Mr S was given a general warning about the risks presented by safe account scams and then asked to provide some further details about the payment. He replied *"... the funds are going to my personal private account on [the crypto exchange] NO ONE HAS ADVISED ME TO DO ANYTHING."* He was also asked whether he'd been asked to download remote access software to his computer or phone. He responded *"NO!!"*

On balance, I think Revolut accepted the responses it received too readily and should've followed up with one or two further questions, even though Mr S was clearly resistant to providing any further information. However, just because I've identified a shortcoming on Revolut's part, that doesn't mean it needs to refund his losses. I can't ask that it refund him unless I can reasonably conclude that its error was the cause of his loss. To reach a conclusion on this point, I need to consider what would have happened if it had handled things differently.

I've said that Revolut should've probed the responses Mr S gave. But I'm afraid the evidence I've seen strongly suggests it wouldn't have made any difference. He was clearly reluctant to answer Revolut's questions openly and honestly. For example, he was asked whether he'd been asked to download remote access software and he said he hadn't. As I understand it, that wasn't true. I've also seen the messages he exchanged with the fraudster and these show that he was responding to queries from Revolut based entirely on their guidance. For example, the following day, Revolut queried the source of the funds that Mr S had just transferred through his Revolut account. He provided a fabricated explanation. He told Revolut that *"Over a decade or more, [a friend] borrowed money from me and now he has given it back..."* This was exactly the explanation that the fraudsters recommended.

If further questions had been put to Mr S, I think it's more likely than not that he would've refused to provide further details or would've relied upon the guidance of the fraudsters to circumvent Revolut's fraud prevention measures.

For the sake of completeness, I also considered whether Revolut did everything I'd have expected it to in terms of recovering Mr S's funds. However, since he'd made the payments to an account in his own name, I'm satisfied that there wasn't anything further it could've done. I don't say any of this to downplay or diminish the fact that Mr S has fallen 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 limited to looking at the actions and inactions of Revolut, and I'm satisfied that it wasn't the cause of his losses here.

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 S to accept or reject my decision before 27 January 2025.

James Kimmitt
Ombudsman