

The complaint

Mr P is being represented by solicitors. He's complaining about Revolut Ltd because it declined to refund money he lost as a result of fraud.

What happened

Sadly, Mr P fell victim to a cruel cryptocurrency investment scam. He was introduced to the *'investment'* after he responded to an advert. He initially invested in December 2022 and January 2023 with a series of payments from an account with his bank. During this period, he was able to make some withdrawals from the *'investment'*.

By February 2023, Mr P was satisfied with the profits he appeared to have made and asked to withdraw his money. Because of the amount involved, he was told he'd need to pay tax and money-laundering fees. He also held an account with Revolut and used this to make the following card payments to two known cryptocurrency providers:

No.	Date	Amount £
1	3 Feb 2023	5,664.45
2	3 Feb 2023	1,132.89
3	6 Feb 2023	10,299
4	6 Feb 2023	6,670

Our investigator didn't recommend the complaint be upheld. He said Revolut should have intervened to find out more details about the payments before processing them. But if it had done, he felt Mr P would have continued with the payments anyway. In reaching that conclusion, he referred to a call recording provided by Mr P's bank in which he was questioned about his cryptocurrency investments.

Mr P didn't accept the investigator's assessment. His representative says Revolut should have asked open and probing questions about the purpose of the payments that would have helped it uncover and stop the scam. While his bank's earlier intervention wasn't successful in achieving this, it says a similar intervention by a second institution would have caused Mr P to have greater concerns.

The complaint has now been referred to me for 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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any

regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

In broad terms, the starting position at law is that an Electronic Money Institution such as Revolut is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, '*authorised*' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

In this case, there's no dispute that Mr P authorised the above payment.

There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Revolut also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Revolut acted fairly and reasonably in its dealings with Mr P.

The payments

Revolut says it didn't think these payments indicated Mr P may be at risk of harm from fraud and it made no attempt to intervene before completing them. But having considered what it knew about the payments at the time it received the payment instructions, I'm persuaded it ought to have at least been concerned about payments 1, 3 and 4. The amounts involved were significant and, in addition to the fact Mr P hadn't used the account to make payments of this magnitude before, they were to known cryptocurrency providers.

Losses to cryptocurrency fraud reached record levels in 2022 and, by the end of that year, many high street banks had placed restrictions or additional friction on cryptocurrency purchases owing to the elevated fraud risk. So, by the time these payments took place, I think Revolut should have recognised that payments to cryptocurrency carried a higher risk of being associated with fraud.

I've thought very carefully about what sort of intervention Revolut should have carried out. In the circumstances, and given the amounts involved, I think it should have at least provided a written warning outlining some of the common features of cryptocurrency-related investment scams at the time of the first payment. And by the time of the third payment, which was much larger and followed very shortly after the first two, I think a human intervention, most likely via its in-app chat, would have been appropriate.

Ultimately, the outcome of this complaint turns on whether Mr P would have done anything differently if Revolut had intervened as I've described. So, I've thought carefully about the effect this might have had. But, on balance, it's my view Mr P would still have wanted to go ahead with the payments if an appropriate type of intervention had taken place.

In making this complaint, Mr P's representative has outlined the research he carried out before investing and the reasons he believed this was a legitimate investment opportunity. These include:

- Cryptocurrency investment was prominent in the news and he knew famous figures had invested in this way.
- He undertook his own research before investing and found positive TrustPilot reviews. He also checked the company's website, which appeared genuine, and found its office address and could see this was a legitimate company address.
- The scammer was friendly and built a strong relationship with him. He was in regular contact and provided frequent updates about the progress of the trading account.
- The scammer appeared to be professional and knowledgeable about investing.
- When signing up to the trading platform, he was required to send identification documentation, which he believed was for genuine purposes, including account verification, identity confirmation and anti-money laundering measures.
- He was able to log into his trading portal and see his trades and profits, which gave him a false sense of security.
- The trading platform and website appeared slick and professional and included a lot of features that he would have expected a legitimate trading portal to have.
- In the early stages, he'd been able to withdraw money successfully.

So it appears Mr P was somewhat under the spell of the scammer and any intervention by Revolut would have needed to break that spell to prevent him from going ahead with the payments. It's my view that this was unlikely to have been achieved. In reaching this conclusion, and in addition to the above points outlined by his representative, I'm conscious Mr P's bank had spoken to him about an earlier payment to the scam and had been unable to prevent him going ahead with it.

I've listened to a recording of Mr P's call with his bank and I'm satisfied he was asked appropriate questions designed to establish if he was falling victim to a scam. Among other things, Mr P was asked if he'd given anyone his contact details in response to an advert, if he was working with a broker or anyone else, and if he'd been told what to say if questioned about the payments. Mr P said 'no' to all of these questions, although we now know these answers weren't correct. Reading the WhatsApp chat history provided, I can see the scammer had told him what to say if questioned by the bank and he followed that advice.

In the circumstances, and based on the information provided, Mr P's bank wasn't able to identify he could be at risk of harm from fraud or what type of scam might be taking place and it processed the payment.

I think the tone of Mr P's response to his bank's enquiries is also relevant. Despite the bank's agent saying that the purpose of the call was to protect him from scams, he became quite frustrated that he was being asked questions and actually said at one point that he was being harassed. His view was essentially that he should be able to do what he wants with his money and his overall demeanour doesn't make me believe he was likely to listen to anyone else about the wisdom of what he was doing.

I accept it doesn't automatically follow that because Mr P's bank was unable to stop the scam, any attempted intervention by Revolut would also have failed. But I've seen nothing to suggest he was having doubts about the legitimacy of the 'investment' by the time these payments were made. And in view of everything we've been told about how he was convinced by what he saw from the scammers and how he'd responded to his bank's earlier enquiries, I think it's more likely than not that he'd still have wanted to make the payments even if Revolut had intervened as I believe it should have.

I want to be clear that it's not my intention to suggest Mr P is to blame for what happened in any way. He fell victim to a sophisticated scam that was carefully designed to deceive and

manipulate its victims. I can understand why he acted in the way he did. But my role is to consider the actions of Revolut and, having done so, I'm not persuaded these were the cause of his losses.

Recovery of funds

I've also looked at whether Revolut took the steps it should have once it was aware that the payments were the result of fraud.

Mr P transferred funds to a legitimate cryptocurrency exchange in his name. From there, he purchased cryptocurrency and moved it onto a wallet address of his choosing (albeit on the scammers' instructions). If Revolut tried to recover the funds, it could only have tried to do so from Mr P's own account and it appears all the money had already been moved on and, if not, anything that was left would still have been available to him to access. So I don't think anything that Revolut could have done differently would have led to these payments being successfully recovered.

In conclusion

I recognise Mr P has been the victim of a cruel scam and I'm sorry he lost such a large amount of money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I don't think any further intervention by Revolut would have made a difference to the eventual outcome and I won't be telling it to make any refund.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 17 January 2025.

James Biles
Ombudsman