

Complaint

Mr C is unhappy that Revolut Ltd didn't reimburse him after he told it he'd fallen victim to a scam.

Background

Around June 2022, Mr C was researching investment opportunities online when he came across a company I'll refer to as B. He carried out some checks and found mostly positive reviews, though he did see a few negative ones. He felt reassured by the absence of any widespread negative coverage and so submitted an online enquiry to find out more.

He was soon contacted by someone claiming to work for B. He said that, if Mr C invested his money, he would be his "*senior account manager*." He explained the investment process in more detail. Mr C understood that the company would provide him with access to an online trading account and broker who would advise him on what trades to make. The person told him that he'd be investing in a range of cryptocurrencies.

The individual persuaded Mr C to download remote access software and guided him through setting up an account with a third-party cryptocurrency exchange to begin transferring funds. Mr C made over thirty payments in total to support the investment activity. In January 2023, Mr C made six payments to the cryptocurrency platform totalling £66,250. Believing that things were progressing well, he made a further six payments totalling £107,657 in February 2023. He says the scammer encouraged him to continue investing, promising greater returns the more he deposited.

By the end of March 2023, Mr C had been led to believe his investment had grown to more than £1 million. When he tried to withdraw his funds, he was told he needed to pay various fees for processing, to the broker and other vaguely defined administrative processes. On 30 March 2023, he made a series of additional payments for those fees. He did so in the belief it was a necessary step to get access to the return on his investment.

Eventually, Mr C realised he'd been scammed and contacted Revolut. It declined to refund the payments. Mr C wasn't happy with that response and so he referred his complaint to this service. It was considered by one of our Investigators who didn't uphold it. Mr C disagreed with that outcome, so the matter has been passed to me to make 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 protect their customer. That might be as simple as providing a written warning as part of the payment process or it might extend to contacting the customer to establish the circumstances surrounding the payment.

The Investigator concluded that Revolut ought to have intervened in connection with the first payment Mr C made. I'd agree with that conclusion. Its value was significant (£15,300), it was being made to a new payee and that payee was a cryptocurrency platform. It shouldn't have executed that payment without first taking some steps to protect Mr C from the risk of financial harm due to fraud.

However, while I agree that Revolut needed to do more here, I'm not persuaded that its failure to do so was a cause of Mr C's losses. In other words, I think that if it *had* intervened, it's likely that Mr C would've proceeded to make the payments anyway. I've listened to a recording of a conversation he had with an employee of another business that I'll refer to as N. Mr C used his account at N to make payments in connection with this investment in November 2022. One of those payments was stopped by N and he spoke to one of its employees. The adviser asked several open questions about the circumstances in which this payment was being made. She also attempted to clarify whether there was a third-party involved, such as a broker or account manager, whether Mr C had been promised returns, and whether he was receiving guidance from anyone purporting to be an investment professional.

Unfortunately, Mr C didn't answer these questions accurately. He told the call handler that he'd discussed the opportunity with his friend and a family member and that he'd looked up the company on Companies House. He said clearly that he hadn't received advice from anyone else. He was asked what returns he was told he could earn, and he said that it could be anything between 5% and 20%. The call handler asked him whether anyone in particular had told him to expect those returns. He said his understanding of the returns available was based on the conversations he'd had with his friend and family member.

Mr C also gave the impression of being relatively well-informed, he had done some research into cryptocurrencies, understood how they worked, knew the present value of Bitcoin and that he expected it to appreciate in value in the short term. Nonetheless, the call handler at N gave Mr C a strong warning about the risk posed by investment scams, particularly where third parties were involved or promises of specific returns had been made. Mr C was told to be cautious and to ensure he was in full control of his crypto wallet.

Mr C's representatives told us he hadn't been given a cover story by the scammers. Despite that, he didn't answer N's questions openly and honestly and the verbal warnings given to Mr C were relevant and clear. It's difficult to look at the way he responded during that call and not draw inferences as to how Mr C would've reacted if Revolut had queried the first payment with him.

By 30 March 2023, Mr C believed that his investment had grown from around £125,000 to over £1 million in a matter of days. The payments he made on 30 March were, he believed, to cover various withdrawal fees associated with getting access to the value of his account. While I recognise that Mr C's representative says he wasn't given a cover story, I find that difficult to reconcile with the way he interacted when N asked him about the earlier payments. On balance, I think it's likely that he was encouraged to not be completely candid with N and so it seems likely he'd have done the same, even if Revolut had queried any of the later payments.

I don't say any of this to downplay or diminish the fact that Mr C 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 here is to look at the actions and inactions of Revolut. I agree

that it should've done more than it did here. It ought to have intervened in connection with some of these payments and didn't do so. Despite that, I'm not persuaded that its failing was the effective cause of his losses because I find that, even if it had intervened, it's more likely than not that Mr C would've proceeded with the payments anyway.

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 C to accept or reject my decision before 9 May 2025.

James Kimmitt
Ombudsman