

The complaint

Mr J complains Revolut Ltd didn't do enough to protect him when he fell victim to an investment scam.

What happened

Mr J has an account with Revolut which he opened during this scam at the suggestion of the scammer. He also has an account with a business who I'll refer to as "H" throughout the rest of this decision.

Mr J says he saw an advert on social media about investment opportunities which had apparently been endorsed by a well-known figure. He says he was interested in investing – as he wanted to build an extension on his house – so he filled out a form asking someone to contact him. He says someone claiming to be a representative of the investment company in question contacted him and explained what the investment involved. Mr J says the investment company's website appeared to be genuine as did the investment opportunity, so he started off sending £250. He says he made further investments, having seen a return, and that he opened an account with Revolut at the suggestion of the person he was talking to. He was, in fact, speaking to a scammer. The FCA posted a warning relating to the company he was dealing with in February 2023. The investment involved Mr J buying cryptocurrency and that cryptocurrency then being transferred to a trading platform.

On 12 December 2022 Mr J attempted to make a payment of £30,000 that was going to be used to buy cryptocurrency to go towards the scam. Revolut blocked this payment. On the same day Mr J contacted Revolut through its in-app chat to say he wanted to transfer the £30,000 back to his account with H as he believed the person who had asked him to make the transfer was a scammer. Mr J had, at this point, only paid £5,000 towards the scam. The following day Mr J contacted Revolut to say that he'd made a mistake and had since checked the company and everything was fine. He subsequently paid approximately £170,000 towards the scam – between 7 December 2022 and 18 July 2023.

Mr J says he realised he'd been scammed when he tried to withdraw half of his investment and was asked to pay a fee of £19,500. He contacted Revolut and H.

Revolut looked into Mr J's claim and said that its systems had detected that his payments of £5,000 on 7 December 2022 and of just over £15,000 on 9 February 2023 were to new payees and that it had asked him if he trusted them. Revolut also said that it had put his payment of just over £15,000 on 14 December 2022 on hold as it seemed to be suspicious and that it asked him for the purpose of the payment which he gave as "something else" rather than "investment" or "cryptocurrency". Revolut said it did the same for his £5,000 payment on 7 December 2022 and his payment of just over £15,000 on 9 February 2023 and that he gave the purpose of the payment as "goods and services". Revolut said that its systems didn't flag subsequent payments to the first new payee as suspicious as it was by then recognised as a safe payment. In the circumstances, Revolut didn't agree that it should refund Mr J.

Mr J wasn't happy with Revolut's response, or H's. So, he complained to our service.

One of our investigators looked into Mr J's complaint and said that Revolut ought to have been concerned about the payment for just over £15,000 that Mr J made on 9 February 2023. But they didn't think it would have made a difference if Revolut had intervened given Mr J's responses when Revolut and H intervened on earlier payments. In short, our investigator didn't think Revolut missed an opportunity to prevent Mr J from making further losses. Or that Revolut could have done more to recover his money. So, they didn't recommend that his complaint be upheld. Mr J's complaint against H wasn't upheld either.

Mr J's representatives didn't agree with our investigator's recommendation in relation to Revolut. They said that Revolut should have intervened when Mr J paid £5,000 to the scam on 7 December 2022 – in other words, when he made his first payment to the scam from his account with Revolut – and when he made three subsequent transfers of just under £15,000 and two more transfers of around £25,000 as all of these payments should have been concerning. Mr J's representatives said that Revolut should have done more to investigate when Mr J said he believed he was speaking to a scammer on 12 December 2022 given what he'd told Revolut. They said that the response Mr J had given to H when it had intervened – that he was intending to send money to his family – wouldn't have made sense to Revolut as it could see he was, in fact, sending money to cryptocurrency. In short, they thought that Revolut could and should have done more to prevent Mr J from making further losses.

Mr J's representatives asked for his complaint to be referred to an ombudsman for a decision. His complaint was, as a result, passed on to me. So was Mr J's complaint against H – our investigator didn't uphold that complaint either. Mr J's representatives said that Mr J was vulnerable at the time – given his age, given that he's not technically savvy and given that he'd been bereaved shortly before the scam.

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.

Earlier on this month I issued a provisional decision in which I said:

"In this case I can see that the first payment Mr J made to the scam from his account with Revolut was a payment for £5,000 on 7 December 2022. That payment was used to buy cryptocurrency which was then sent to the scammer's trading platform. He sent two payments from his account with H to his account with Revolut to fund this £5,000 payment – a payment for £2,000 and a payment for £3,000. Both these payments were sent on 6 December 2022 and I can see that H blocked the second payment as it had concerns that Mr J was sending a second payment on the same day to a newly opened account and that this took the total he'd sent that day to that new account to £5,000. H ended up speaking to Mr J to make sure that he was the one who was making that payment, to check the payee and to check the purpose of the payment. I've listened to that call and I'm satisfied that Mr J told H that the purpose of the payment was to help his son purchase a property abroad and that he planned to stay in that property in the future. In other words, I'm satisfied that Mr J misled H as to the purpose of the payments on 6 December 2022. I accept that he did so as that's what he'd been told to say by the scammer.

Mr J's representatives have said that Revolut should have had concerns about the £5,000 payment that Mr J sent to cryptocurrency on 7 December 2022 and should have intervened. I can see why they've said this. He'd only just opened his account with Revolut. But I don't agree that this single payment was as concerning as the two payments Mr J had made from his account with H – although it's finely balanced. And

for the reasons I'm about to give, I don't think it would ultimately have made a difference.

The next payment Mr J attempted to make was a payment for £30,000. Again, he funded this from his account with H. He sent five payments in total from his account with H over three days – namely, payments of £5,000, £10,000, £5,000, £5,000 and £5,000. I can see that H put the £10,000 payment on hold and again spoke to Mr J to make sure that he was the one who was making that payment, to check the payee and to check the purpose of the payment. I've listened to that call and I'm satisfied that Mr J once again told H that the purpose of the payment was to help his son purchase a property abroad and that he planned to stay in that property in the future. In other words, I'm satisfied that Mr J once again misled H as to the purpose of the £10,000 payment. On this occasion I can see that Mr J became irritated and impatient with H saying that he was the one making the payment and it was going to his own account. I can see that he also made it clear that he didn't want H to be disrupting his payments going forwards.

Having managed to transfer £30,000 from his account with H to his account with Revolut, it appears that Mr J then had doubts about the investment opportunity he was getting involved in. I say this because I can see that he contacted Revolut on 12 December 2022 at 10:08am and said:

"Basically I want to transfer it back into the account it came out of as I feel the recipient that ask me to put it into the account is a scam"

He subsequently named the company involved – which the FCA posted a warning about in February 2023 – and said that he'd been approached about investing some money, that this approach was online, that he'd been asked to download remote access software and that he'd been helped setting up his account with Revolut. He also confirmed that the person he was speaking to was pressurising him into acting quickly at the risk of missing out on an investment opportunity and that he'd been promised returns which possibly seemed too good to be true. In other words, doubling an investment in a month or receiving a guaranteed return. I can see that Revolut warned Mr J at this stage that if the investment sounded too good to be true then it was likely a scam and that if the individual or firm wasn't registered then it was also likely a scam. Having answered some additional questions, Revolut again said:

"I'm afraid to inform you, that in such cases, this is most likely a scam."

The following day I can see that Mr J sent Revolut a message saying "I made a mistake by pressing and sending on yesterday's message" and saying:

"I think where the confusion might be I THOUGHT I'D been scammed but once it was set up and I can log in and I can monitor myself plus I have done research into them. So can I please activate my account soon"

He then said:

"I clicked a link and they phoned what I will add is the original deposit of £250 I withdrew and it's gone back into my account .. from the website where my account is now set up"

And again confirmed that he'd downloaded remote access software to help set the account up. I can see that despite all this information, Revolut concluded its review of Mr J's account the following day – it had locked his account – and said it was happy to

inform him that his account had been unrestricted and was now fully operational. Shortly after that, Mr J made a payment of approximately £15,000 to cryptocurrency – to the same payee he'd sent money to on 7 December 2022. He made another £15,000 payment three days later and another £15,000 payment approximately a week later. Approximately a month later he sent two more payments – each for approximately £25,000 – to the same payee. Revolut didn't intervene in relation to any of these payments because given its earlier interactions with Mr J it had concluded that payments to this payee were safe.

I agree with Mr J's representatives that the reasons that Mr J had given for the payments to H wouldn't have made as much sense to Revolut. I say that because Revolut – unlike H – would have been able to see that Mr J was transferring money to cryptocurrency. I agree too with Revolut that Mr J misled it when asked what the purpose of the payments was. I do, however, agree that Revolut missed a really good opportunity to stop this scam very early on – when Mr J had paid only £5,000 towards the scam. Mr J had told Revolut that he believed he was talking to a scammer and had mentioned several hallmarks of a scam. Instead of asking Mr J for more information, Revolut instead looked into whether or not there were any signs that Mr J's account had been taken over. I agree that this was a sensible thing to do – given that Mr J had told Revolut that the scammer had helped him open the account and he'd downloaded remote access software. But I do think Revolut could and should have done more to investigate the scam Mr J believed he was falling victim to. Revolut instead seemed to be happy to unlock his account on the strength of Mr J saying he'd done some checks and was mistaken. I say that because, for a start, the checks that Mr J mentions – for example, being able to see what appears to be a reference to his "trading account" and being able to withdraw the original £250 he had invested – are all well-known ploys used by fraudsters to gain their victims' confidence and that's something Revolut would have known.

Having looked at this complaint, I asked Mr J's representatives to send us the chat conversation between Mr J and the scammer leading up to the 7 December 2022 as the chat we'd seen started on 6 December 2022 and earlier conversations that likely took place were missing. Mr J's representatives came back to me to say the earlier conversations had been over the phone. The reason why I asked for that evidence is because it can help establish the extent to which the customer is under the scammer's spell, whether or not they might have missed red flags and help establish they have, in fact, been scammed. In this case that evidence could also help explain why Mr J misled H and how he might have reacted to a better warning from Revolut. In the absence of that evidence, and based on what we already have, I'm minded to say that Revolut missed an opportunity to prevent further losses early on and should refund these losses."

Both parties were invited to reply. Only Mr J did – he accepted my provisional decision.

Having reconsidered everything again, I remain of the view that the outcome in my provisional decision is fair and reasonable for the reasons I gave.

Putting things right

Given what I've said, I'm going to require Revolut Ltd to refund Mr J from the second payment he made towards the scam and onwards, together with 8% simple per annum interest from the date of payment to the date of settlement.

My final decision

My final decision is that I'm upholding this complaint and require Revolut Ltd to refund Mr J from the second payment he made towards the scam and onwards, together with 8% per annum simple interest from the date of payment to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 13 December 2024.

Nicolas Atkinson
Ombudsman