

THE COMPLAINT

Mr G holds/held an account with Revolut Ltd (“Revolut”).

Mr G’s complaint is about Revolut’s refusal to reimburse him money he says he lost due to a scam.

Mr G is represented by Wealth Recovery Solicitors (“WRS”) in this matter. However, where appropriate, I will refer to Mr G solely in this decision for ease of reading.

WHAT HAPPENED

The circumstances of this complaint are well known to all parties concerned, so I will not repeat them again here in detail. However, I will provide an overview.

Mr G says he has fallen victim to a cryptocurrency related investment scam. He says fraudsters deceived him into making payments to what he thought was a legitimate investment with PhoenixTB. The Revolut payments in question were all fund transfers:

Date	Beneficiary / Merchant	Amount
22 September 2023	Wirezee Pay Inc	£7,000
26 September 2023	Wirezee Pay Inc	£8,500
28 September 2023	Wirezee Pay Inc	£9,000
03 October 2023	Wirezee Pay Inc	£20,000
05 October 2023	Wirezee Pay Inc	£30,000
24 October 2023	Wirezee Pay Inc	£13,000
27 October 2023	Sap Softech Ltd	£10,000
30 October 2023	Sap Softech Ltd	£38,000
09 November 2023	Sap Softech Ltd	£23,500
10 November 2023	Mr G	£11,500
13 November 2023	Sap Softech Limited	,£17,000
14 November 2023	Sap Softech Limited	£11,500.00
30 November 2023	Wirezee Pay Inc	£23,000

04 December 2023	Wirezee Pay Inc	£25,000
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Mr G disputed the above with Revolut. When Revolut refused to reimburse Mr G, he raised a complaint, which he also referred to our service.

One of our investigators considered the complaint and did not uphold it. As Mr G did not accept the investigator's findings, this matter has been passed to me to make a decision.

WHAT I HAVE 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 find that the investigator at first instance was right to reach the conclusion they did. This is for reasons I set out in this decision.

I would like to say at the outset that I have summarised this complaint in far less detail than the parties involved. I want to stress that no discourtesy is intended by this. If there is a submission I have not addressed, it is not because I have ignored the point. It is simply because my findings focus on what I consider to be the central issues in this complaint.

Further, under section 225 of the Financial Services and Markets Act 2000, I am required to resolve complaints quickly and with minimum formality.

Regulatory framework

The regulations which apply in this matter are the Payment Services Regulations 2017 ("the PSRs").

Should Revolut have recognised that Mr G was at risk of financial harm from fraud?

It is not in dispute that Mr G authorised the payment transactions in this matter. Generally, consumers are liable for payment transactions they have authorised. However, that is not the end of the story. This is because even if a payment is authorised, there are regulatory requirements and good industry practice which suggest firms – such as Revolut – should be on the look-out for unusual and out of character transactions to protect their customers from financial harm. And, if such payment transactions do arise, firms should intervene before processing them. That said, firms need to strike a balance between intervening in a customer's payment to protect them from financial harm, against the risk of unnecessarily inconveniencing or delaying a customer's legitimate transactions.

I have borne the above in mind when considering the payment transactions in this matter.

Revolut intervened in some of Mr G's payments to try to protect him from financial harm. I intend on dealing with these interventions first. I will then address the payments Revolut did not intervene in later in this decision under the heading: *Should Revolut have exercised further interventions in relation to Mr G's other payments?*

What interventions did Revolut carry out?

Below are the dates and types of interventions Revolut carried out:

- 18 September 2023 (in-app chat).

- 22 September 2023 (“Transfer Review” warning + static warning + payment purpose + tailored warnings + risk agreement).
- 24 October 2023 (High risk warning + payment purpose + tailored warnings + “forced” chat).
- 30 October 2023 (“Transfer Review” warning + high risk warning + payment purpose + tailored warnings + “forced” chat).
- 27 October 2023 (Static warning + payment purpose + tailored warnings + risk agreement).
- 10 November 2023 (“Transfer Review” warning + static warning + payment purpose + tailored warnings + risk agreement).

Was Revolut’s intervention on 18 September 2023 proportionate?

Given this intervention sets the stage, I will address it first.

I take the view that Revolut could have gone further in this intervention. I say this because in the in-app chat, Mr G mentioned PhoenixTB by name, which I would have reasonably expected Revolut to look up. Had it done so, it would have seen the Financial Conduct Authority’s (FCA’s) published warning about PhoenixTB and several negative reviews about them online. In turn, I would have expected Revolut to have shared this with Mr G and warned him accordingly.

If Revolut had warned Mr G about PhoenixTB, would that have prevented Mr G’s losses?

I take the view that it would not have made a difference if Revolut warned Mr G about PhoenixTB.

I have reached this view for the following reasons.

WRS submit, on Mr G’s behalf, “*Our client conducted a **significant amount of due diligence** before investing with PhoenixTB PLC [emphasis added].*” Given Mr G carried out significant due diligence before he started investing in July 2023, I find it likely that he would have seen two significant things online. First, the FCA’s warning about PhoenixTB published on 22 June 2023. Secondly, the several negative reviews online about PhoenixTB posted prior to July 2023. I say it is likely Mr G would have seen the warning and reviews given how easy they are to find online – particularly given the fact Mr G carried out, “... a *significant amount of due diligence* before investing with PhoenixTB PLC”

Despite seeing these concerning things online, Mr G decided to invest with PhoenixTB regardless. Therefore, I take the view that, on balance, Mr G would have carried on with his payments towards the scam even if Revolut had drawn his attention to the FCA’s warning and negative reviews during the 18 September 2023 intervention. I also find that had Revolut, for example, blocked Mr G’s account, he would have likely found another way to make his payments – particularly given the fact he used other accounts to fund the scam.

In addition to the above, I have also taken the following into account:

- Mr G was introduced to the scam by his cousin “... *who he is extremely close to*”, and whom he had witnessed making a withdrawal from the scam platform. I have no doubt this would have played a key part in reassuring Mr G that what he was

investing in was legitimate.

- The WhatsApp exchanges between Mr G and the fraudsters show that Mr G had a good trusting relationship with them that had been building since at least July 2023 (where he had already funded the scam from his other accounts). This point is supported by WRS's submissions.
- Mr G was not forthcoming with Revolut when asked if there was any third-party involvement. For example, Mr G told Revolut, *"I am not finding this dialogue very friendly or helpful. You are repeating the basis of your questions - and I have verified I am making my own decisions that are unsolicited. This it is very time consuming - and you have prevented my legitimate transactions - without any apology whatsoever. I have been KYC verified and am a legitimate investor in crypto currency."*

Lastly, I find the following to be a striking feature in this case. From Mr G's WhatsApp messages, I can see that he had arranged to meet a PhoenixTB representative, Mr Stark, at PhoenixTB's offices in the EY building in Canary Wharf on 13 October 2023. However, Mr Stark did not show up for the meeting; and Mr G was told by the receptionists in EY and adjacent buildings that they had not heard of PhoenixTB. Despite these very concerning factors, Mr G continued to make significant payments towards the scam. This, to my mind, is a clear indication of how under the fraudsters' spell Mr G was at the time. I have taken this into account when considering the 18 September 2023 intervention.

Taking all the above points together, I find that if Revolut had told Mr G about the FCA warning and negative reviews about PhoenixTB online, he would have likely still wanted to go ahead with his payments. Further, if Revolut blocked Mr G's account, I find it likely he would have found another way to make his payments to fund the scam.

Were Revolut's other interventions proportionate?

I find that Revolut's other interventions were, by and large, proportionate – particularly given Mr G's answers to Revolut's questions, and the fact that previous payments went unchallenged. Even if it could be argued that Revolut should have gone further in these interventions, I have not seen anything to suggest that Mr G would have responded differently to the way he did during the intervention mentioned above. And, on 30 October 2023, it appears Mr G had received a credit from the scam. I have no doubt Mr G would have been further taken in by this.

Should Revolut have exercised further interventions in relation to Mr G's other payments?

I think an argument could be made to suggest that some of these payments should have triggered interventions. Whilst this may be arguable – my view is that such interventions would have been few and far between. I say this because as Mr G continued to make payments to the payees concerned, without any issues, they would have become 'established'. Further, Mr G's spending would have become in-line with normal account activity. Had Revolut carried out further interventions, I have not seen anything to suggest that Mr G would have responded differently to the way he did during the intervention mentioned above.

Recovery of funds

I have considered whether Revolut acted appropriately to try to recover Mr G's funds once the fraud was reported.

Revolut says WRS provided it with the necessary evidence to attempt recovery on 7 February 2024, which it attempted the following day. However, Revolut says the beneficiary institutions did not respond. Regarding any payments made to accounts in Mr G's name, to my mind, he should be able to withdraw these funds himself if any remain.

Further or alternatively, the likelihood that even if prompt action had been taken by Revolut on or immediately after the fraud was reported, any of Mr G's money would have been successfully reclaimed seems slim. I say this because of the time that had elapsed between Mr G's last payment (4 December 2023) and when Mr G reported the scam (20 January 2024). In these types of scams, fraudsters tend to withdraw/transfer out their ill-gotten gains immediately to prevent recovery.

For the above reasons, I am satisfied that it is unlikely Revolut could have done anything to recover Mr G's funds.

Vulnerabilities

WRS submit that Mr G was vulnerable at the time of the scam due to sensitive issues relating to his cousin's son.

I have not seen anything to suggest that Revolut knew or ought to have known about Mr G's personal issues at the time. Further or alternatively, whilst Mr G has my sympathies, I am not persuaded his circumstances at the time would have amounted to him being considered as vulnerable.

Therefore, I do not find that Revolut should have dealt with Mr G's payments any differently in this regard.

Compensation for distress and/or inconvenience

I have considered whether an award for distress and/or inconvenience is warranted in this matter. Having done so, I am not persuaded that it is. I have not found any errors in Revolut's investigation. Any distress and/or inconvenience Mr G has suffered is a result of the fraudsters' actions – not Revolut's.

Conclusion

Taking all the above points together, I do not find that Revolut has done anything wrong in the circumstances of this complaint. Therefore, I will not be directing Revolut to do anything further.

In my judgment, this is a fair and reasonable outcome in the circumstances of this complaint.

MY FINAL DECISION

For the reasons set out above, my final decision is that I do not uphold this complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 26 June 2025.

Tony Massiah
Ombudsman