

The complaint

Mr K complains that Revolut Ltd won't refund money he lost when he fell victim to an investment scam.

Mr K is being represented by solicitors in this complaint.

What happened

In early March 2023, Mr K came across an advertisement for an investment firm "X" in an article he read on the news feed of a general-purpose web portal he uses. Mr K states the article featured a popular television programme and set out how an investor had made an impressive profit from a small investment in cryptocurrency.

Mr K has said that he researched X, which was offering trading opportunities by guiding customers. After seeing positive Trust Pilot reviews, Mr K left his details on X's website and was soon contacted by an individual who claimed to be a representative. They talked him through the cryptocurrency investment opportunity and Mr K decided to open an account with X.

Mr K says he was given access to a professional looking platform where he was able to monitor his investments and see deposits in real-time. He states his 'account manager' explained they would be trading on his behalf.

Under the instructions of X, Mr K transferred funds from his bank account to his existing e-money account with Revolut which was used infrequently. Transactions were then made from Mr K's Revolut account to purchase cryptocurrency, before being sent to cryptocurrency wallets as instructed by his account manager. At the time, Mr K believed the cryptocurrency was being deposited into his account with X as its balance went up by the same amount.

Mr K initially made a faster payment to "S", a global payment platform which also offers cryptocurrency services. However, S returned this payment the following day. This returned payment triggered an alert on Revolut's systems and it restricted Mr K's account while it carried out verification checks. As a result, the next few payments Mr K attempted – debit card payments to a cryptocurrency exchange "M" – were declined.

After a source of funds check was successful, Revolut lifted the restrictions on Mr K's account thereby enabling him to make Payments 2-8 to cryptocurrency exchanges M and M1.

The following transactions are relevant to this complaint –

	Date	Type	Payee	Amount
Payment 1	8 March	Transfer	S	£10,265 (returned next day)
	9 March	Debit card	M	£6,159 (declined)
	9 March	Debit card	M	£6,159 (declined)
	10 March	Debit card	M	£6,159 (declined)

Payment 2	13 March	Debit card	M	£6,159
Payment 3	13 March	Debit card	M	£2,500
Payment 4	14 March	Debit card	M	£1,600
Payment 5	17 March	Debit card	M	£8,955
Payment 6	19 March	Debit card	M	£1,972
Payment 7	20 March	Debit card	M	£5,200
Payment 8	20 March	Debit card	M1	£1,500
		Total loss		£27,886

On 21 March, after he'd made a withdrawal request, Mr K was informed that he needed to make a tax payment of \$23,000. It was then that he researched X further and realised he had been scammed.

Subsequently, Mr K engaged the services of another firm to recover his funds from X. He made payments as requested, but unfortunately this company also turned out to be a scam. Mr K made the payments in relation to the recovery scam from his account with another financial businesses. This decision solely relates to the initial investment scam which Mr K made the above payments to from his Revolut account.

Revolut declined to refund Mr K's loss, saying that the transactions were authorised by him. It also said the loss didn't occur from its platform.

Our investigator didn't uphold the complaint. Although they thought Revolut should have probed Mr K further when he made Payment 1, they weren't persuaded that his answers would have given it cause for concern. The investigator thought Revolut should have intervened during the later payments as well, but they didn't think it would have made a difference.

I issued a provisional decision last month and gave reasons for why I intended upholding the complaint. I said:

"In broad terms, the starting position at law is that an Electronic Money Institution ("EMI") such as Revolut is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

And, as the Supreme Court has recently reiterated in Philipp v Barclays Bank UK PLC, subject to some limited exceptions banks have a contractual duty to make payments in compliance with the customer's instructions.

In that case, the Supreme Court considered the nature and extent of the contractual duties owed by banks to their customers when making payments. Among other things, it said, in summary:

- The starting position is that it is an implied term of any current account contract that, where a customer has authorised and instructed a bank to make a payment, it must carry out the instruction promptly. It is not for the bank to concern itself with the wisdom or risk of its customer's payment decisions.*
- At paragraph 114 of the judgment the court noted that express terms of the current account contract may modify or alter that position. In Philipp, the*

contract permitted Barclays not to follow its consumer's instructions where it reasonably believed the payment instruction was the result of APP fraud; but the court said having the right to decline to carry out an instruction was not the same as being under a legal duty to do so.

In this case, the terms of Revolut's contract with Mr K modified the starting position described in Philipp, by – among other things – expressly requiring Revolut to refuse or delay a payment “if legal or regulatory requirements prevent us from making the payment or mean that we need to carry out further checks” (section 20).

So Revolut was required by the terms of its contract to refuse payments in certain circumstances, including to comply with regulatory requirements such as the Financial Conduct Authority's Principle for Businesses 6, which required financial services firms to pay due regard to the interests of their customers and treat them fairly. I'm satisfied that paying due regard to the interests of its customers and treating them fairly meant Revolut should have been on the look-out for the possibility of fraud and refused card payments in some circumstances to carry out further checks.

In practice Revolut did in some instances refuse or delay payments at the time where it suspected its customer might be at risk of falling victim to a scam.

I must also take into account that the basis on which I am required to decide complaints is broader than the simple application of contractual terms and the regulatory requirements referenced in those contractual terms. I must determine the complaint by reference to what is, in my opinion, fair and reasonable in all the circumstances of the case (DISP 3.6.1R) taking into account the considerations set out at DISP 3.6.4R.

Whilst the relevant regulations and law (including the law of contract) are both things I must take into account in deciding this complaint, I'm also obliged to take into account regulator's guidance and standards, relevant codes of practice and, where appropriate, what I consider to have been good industry practice at the relevant time: see DISP 3.6.4R. So, in addition to taking into account the legal position created by Revolut's standard contractual terms, I also must have regard to these other matters in reaching my decision.

Looking at what is fair and reasonable on the basis set out at DISP 3.6.4R, I consider that Revolut should in March 2023 have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances.

In reaching the view that Revolut should have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances, I'm mindful that in practice all banks and EMI's like Revolut did in fact seek to take those steps, often by:

- using algorithms to identify transactions presenting an increased risk of fraud;¹*

¹ For example, Revolut's website explains it launched an automated anti-fraud system in August 2018: https://www.revolut.com/news/revolut_unveils_new_fleet_of_machine_learning_technology_that_has_seen_a_fourfold_reduction_in_card_fraud_and_had_offers_from_banks/

- *requiring consumers to provide additional information about the purpose of transactions during the payment authorisation process;*
- *using the confirmation of payee system for authorised push payments;*
- *providing increasingly tailored and specific automated warnings, or in some circumstances human intervention, when an increased risk of fraud is identified.*

For example, it is my understanding that in March 2023, Revolut, whereby if it identified a scam risk associated with a card payment through its automated systems, could (and sometimes did) initially decline to make that payment, in order to ask some additional questions (for example through its in-app chat).

I'm also mindful that:

- *Electronic Money Institutions like Revolut are required to conduct their business with "due skill, care and diligence" (FCA Principle for Businesses 2), "integrity" (FCA Principle for Businesses 1) and a firm "must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems" (FCA Principle for Businesses 3)².*
- *Over the years, the FCA, and its predecessor the FSA, have published a series of publications setting out non-exhaustive examples of good and poor practice found when reviewing measures taken by firms to counter financial crime, including various iterations of the "Financial crime: a guide for firms".*
- *Regulated firms are required to comply with legal and regulatory anti-money laundering and countering the financing of terrorism requirements. Those requirements include maintaining proportionate and risk-sensitive policies and procedures to identify, assess and manage money laundering risk – for example through customer due-diligence measures and the ongoing monitoring of the business relationship (including through the scrutiny of transactions undertaken throughout the course of the relationship). I do not suggest that Revolut ought to have had concerns about money laundering or financing terrorism here, but I nevertheless consider these requirements to be relevant to the consideration of Revolut's obligation to monitor its customer's accounts and scrutinise transactions.*
- *The October 2017, BSI Code³, which a number of banks and trade associations were involved in the development of, recommended firms look to identify and help prevent transactions – particularly unusual or out of character transactions – that could involve fraud or be the result of a scam. Not all firms signed the BSI Code (and Revolut was not a signatory), but the standards and expectations it referred to represented a fair articulation of what was, in my opinion, already good industry practice in October 2017 particularly around fraud prevention, and it remains a starting point for what I consider to be the minimum standards of good industry practice now*

² Since 31 July 2023 under the FCA's new Consumer Duty package of measures, banks and other regulated firms must act to deliver good outcomes for customers (Principle 12), but the circumstances of this complaint pre-date the Consumer Duty and so it does not apply.

³ BSI: PAS 17271: 2017 "Protecting customers from financial harm as result of fraud or financial abuse"

(regardless of the fact the BSI was withdrawn in 2022).

- *Revolut should also have been aware of the increase in multi-stage fraud, particularly involving cryptocurrency when considering the scams that its customers might become victim to. Multi-stage fraud involves money passing through more than one account under the consumer's control before being sent to a fraudster. Our service has seen a significant increase in this type of fraud over the past few years – particularly where the immediate destination of funds is a cryptocurrency wallet held in the consumer's own name. And, increasingly, we have seen the use of an EMI (like Revolut) as an intermediate step between a high street bank account and cryptocurrency wallet.*
- *The main card networks, Visa and Mastercard, don't allow for a delay between receipt of a payment instruction and its acceptance: the card issuer has to choose straight away whether to accept or refuse the payment. They also place certain restrictions on their card issuers' right to decline payment instructions. The essential effect of these restrictions is to prevent indiscriminate refusal of whole classes of transaction, such as by location. The network rules did not, however, prevent card issuers from declining particular payment instructions from a customer, based on a perceived risk of fraud that arose from that customer's pattern of usage. So it was open to Revolut to decline card payments where it suspected fraud, as indeed Revolut does in practice (see above).*

Overall, taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable in March 2023 that Revolut should:

- *have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;*
- *have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;*
- *in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – (as in practice Revolut sometimes does); and*
- *have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.*

Whilst I'm required to take into account the matters set out at DISP 3.6.4R when deciding what is fair and reasonable, I am satisfied that to comply with the regulatory requirements that were in place in March 2023, Revolut should in any event have taken these steps.

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

It isn't in dispute that Mr K has fallen victim to a cruel scam here, nor that he authorised the payments he made to his cryptocurrency wallet (from where that cryptocurrency was subsequently transferred to the scammer).

I'm aware that cryptocurrency exchanges generally stipulate that the card used to purchase cryptocurrency at its exchange must be held in the name of the account holder, as must the account used to receive cash payments from the exchange. Revolut would likely have been aware of this fact too. So, it could have reasonably assumed that most of the disputed payments would be credited to a cryptocurrency wallet held in Mr K's name.

By March 2023, when these transactions started, firms like Revolut had been aware of the risk of multi-stage scams involving cryptocurrency for some time. Scams involving cryptocurrency have increased over time. The FCA and Action Fraud published warnings about cryptocurrency scams in mid-2018 and figures published by the latter show that losses suffered to cryptocurrency scams have continued to increase since. They reached record levels in 2022. During that time, cryptocurrency was typically allowed to be purchased through many high street banks with few restrictions.

By the end of 2022, however, many of the high street banks had taken steps to either limit their customer's ability to purchase cryptocurrency using their bank accounts or increase friction in relation to cryptocurrency related payments, owing to the elevated risk associated with such transactions⁴. And by March 2023, when these payments happened, further restrictions were in place⁵. This left a smaller number of payment service providers, including Revolut, that allowed customers to use their accounts to purchase cryptocurrency with few restrictions. These restrictions – and the reasons for them – would have been well known across the industry.

I recognise that, as a result of the actions of other payment service providers, many customers who wish to purchase cryptocurrency for legitimate purposes will be more likely to use the services of an EMI, such as Revolut. And I'm also mindful that a significant majority of cryptocurrency purchases made using a Revolut account will be legitimate and not related to any kind of fraud (as Revolut has told our service). However, our service has also seen numerous examples of consumers being directed by fraudsters to use Revolut accounts in order to facilitate the movement of the victim's money from their high street bank account to a cryptocurrency provider, a fact that Revolut is aware of.

So, taking into account all of the above I'm satisfied that by the end of 2022, prior to the payments Mr K made in March 2023, Revolut ought fairly and reasonably to have recognised that its customers could be at an increased risk of fraud when using its services to purchase cryptocurrency, notwithstanding that the payment would often be made to a cryptocurrency wallet in the consumer's own name.

Taking all of the above into account, and in light of the increase in multi-stage fraud, particularly involving cryptocurrency, I don't think that the fact the payments in this

⁴ See for example, Santander's limit of £1,000 per transaction and £3,000 in any 30-day rolling period introduced in November 2022.

NatWest Group, Barclays, Lloyds Banking Group and Santander had all introduced some restrictions on specific cryptocurrency exchanges by August 2021.

⁵ In March 2023, Both Nationwide and HSBC introduced similar restrictions to those introduced by Santander in November 2022.

case were going to an account held in Mr K's own name should have led Revolut to believe there wasn't a risk of fraud.

So I've gone on to consider, taking into account what Revolut knew about the payments, at what point, if any, it ought to have identified that Mr K might be at a heightened risk of fraud that merited its intervention.

I think Revolut should have identified that Payments 2-8 were going to a cryptocurrency provider (the merchants involved are well-known cryptocurrency providers). Payment 1 was arguably not identifiably cryptocurrency related, given it went to a global payments platform that isn't limited to cryptocurrency functionality. However, Payment 1 was significantly larger in value compared to previous activity on Mr K's account.

I think that the circumstances should have led Revolut to consider that Mr K was at a heightened risk of financial harm from fraud. In line with good industry practice and regulatory requirements, I'm satisfied that it is fair and reasonable to conclude that Revolut should have warned its customer before this payment went ahead.

As Revolut recognised Payment 1 as possibly scam related, I've considered whether it intervened appropriately when it held the transaction and made further enquiries.

What did Revolut do to warn Mr K?

Revolut says it provided a warning when Mr K set up S as a new beneficiary. It says it warned him that he might be falling victim to a scam by providing the following message:

"Do you know and trust this payee?

If you're unsure, don't pay them, as we may not be able to help you get your money back. Remember, fraudsters can impersonate others, and we will never ask you to make a payment."

While I don't discount this warning entirely, it is very general in nature and it's difficult to see how it would resonate with Mr K or the specific circumstances of the transactions in question.

Revolut says following this warning, it showed a message to Mr K about the purpose of the payment, followed by educational screens regarding the type of the potential scam. It says, following these warning, Mr K was free to continue with the transaction, which he eventually did.

When the investigator asked Revolut to confirm the payment purpose option Mr K selected from the list he was shown in the message, it said that he didn't choose any option, but it is sure he went through all the educational stories presented.

The difficulty with the information Revolut states it provided Mr K is that the educational stories covered common features of 'safe account' scams. But that isn't the scam type Mr K was falling victim to. It is clear that a list of payment purpose options was presented to Mr K, yet it doesn't appear that this information was captured and taken into consideration for an appropriate intervention.

Overall, I can't agree that any of the warnings provided were a proportionate response to the risk that Payment 1 presented. While I accept that Revolut has

attempted some steps to prevent harm from fraud, the warnings it provided were too generic to have the necessary impact. I think Revolut needed to do more.

What kind of warning should Revolut have provided?

Having thought carefully about the risk the transaction presented, I think a proportionate response to that risk would be for Revolut to have attempted to establish the circumstances surrounding the transaction before allowing it to debit Mr K's account. Given the amount involved, I think it should have done this by, for example, directing Mr K to its in-app chat to discuss the payment further.

If Revolut had attempted to establish the circumstances surrounding Payment 1, would the scam have come to light and Mr K's loss prevented?

Had there been a direct intervention and questions asked about the payment purpose, on balance, I think it's more likely than not that Mr K would have explained he was purchasing cryptocurrency for investment purposes. I say this because subsequently, when Revolut restricted Mr K's account and made enquiries to verify the source of funds, he confirmed what he was doing. So, I've no reason to believe he wouldn't have given the same answer had Revolut made enquiries at the suggested trigger point.

Taking that response into account, I think Revolut ought to have provided a warning that was specifically about the risk of cryptocurrency scams, given how prevalent they had become by the end of 2022. Even if he had been sending money to a legitimate cryptocurrency platform, it didn't follow that Mr K's money was safe, or that he wasn't at risk of financial harm due to fraud or a scam. By the time Mr K made the payments, I think Revolut had or ought to have had a good enough understanding of how these scams worked to have been able to identify the risk of harm from fraud. Including, that the customer often first purchases cryptocurrency and moves it on to the fraudster under the assumption that they're moving it into their own wallet or account.

So, at this point in time, I think that such a warning should have addressed the key risks and features of the most common cryptocurrency scams – cryptocurrency investment scams. The warning Revolut ought fairly and reasonably to have provided should have highlighted, in clear and understandable terms, the key features of common cryptocurrency investment scams, for example referring to: an advertisement on social media, promoted by a celebrity or public figure; an 'account manager', 'broker' or 'trader' acting on their behalf; the use of remote access software and a small initial deposit which quickly increases in value.

I recognise that a warning of that kind could not have covered off all scenarios. But I think it would have been a proportionate way for Revolut to minimise the risk of financial harm to Mr K by covering the key features of scams affecting many customers but not imposing a level of friction disproportionate to the risk the payment presented.

If Revolut had provided a warning of the type described, would that have prevented the losses Mr K suffered from Payment 1?

I've thought carefully about whether a specific warning covering off the key features of cryptocurrency investment scams would have likely prevented Mr K's loss in this case. And on the balance of probabilities, I think it would have. There were some key hallmarks of common cryptocurrency investment scams present in the circumstances

of Mr K's payments, such as endorsement or promotion by a television programme, as well as being assisted by a broker.

I'm also mindful that Mr K already appeared to have had some misgivings about X. Just the day after the suggested intervention point, he told the scammer he had read reviews about X, some of which were horror stories of consumers being coerced into investing more money and having accounts closed. Mr K also mentioned reading reviews about poor conduct from X's employees. Given this, I think Mr K was more likely to have been influenced by a scam warning from Revolut.

On the balance of probabilities, had Revolut provided Mr K with an impactful warning that gave details about cryptocurrency investment scams and how he could protect himself from the risk of fraud, I believe it would have resonated with him. He could have, for instance, paused and looked more closely into the broker before proceeding, as well as making further enquiries into cryptocurrency scams and whether or not the broker was regulated in the UK or abroad. I'm satisfied that a timely warning to Mr K from Revolut would very likely have caused him to decide not to go ahead with Payment 1.

Is it fair and reasonable for Revolut to be held responsible for Mr K's loss?

In reaching my decision about what is fair and reasonable, I've taken into account that Mr K purchased cryptocurrency which credited an e-wallet held in his own name, rather than making a payment directly to the fraudsters. So, he remained in control of his money after he made the payments from his Revolut account, and it took further steps before the money was lost to the fraudsters.

I've carefully considered Revolut's general view that in a multi-stage fraud, a complaint should be properly considered only against either the firm that is a) the 'point of loss' – the last point at which the money (or cryptocurrency) remains under the victim's control; or b) the origin of the funds – that is the account in which the funds were prior to the scam commencing. It says it is (in this case and others) merely an intermediate link – being neither the origin of the funds nor the point of loss and it is therefore irrational to hold it responsible for any loss.

But as I've set out in some detail above, I think that Revolut still should have recognised that Mr K might have been at risk of financial harm from fraud when he made Payment 1, and in those circumstances, it should have made further enquiries about the payment before processing it. If it had done that, I'm satisfied it would have prevented the losses Mr K suffered. The fact that the money used to fund the scam came from elsewhere and/or wasn't lost at the point it was transferred to Mr K's own account does not alter that fact and I think Revolut can fairly be held responsible for his loss in such circumstances. I don't think there is any point of law or principle that says that a complaint should only be considered against either the firm that is the origin of the funds or the point of loss.

I've also considered that Mr K has only complained against Revolut in relation to the investment scam. I accept that it's possible that other firms might also have missed the opportunity to intervene or failed to act fairly and reasonably in some other way, and Mr K could instead, or in addition, have sought to complain against those firms. But he hasn't chosen to do that and ultimately, I can't compel him to. In those circumstances, I can only make an award against Revolut.

I'm also not persuaded it would be fair to reduce Mr K's compensation in circumstances where: the consumer has only complained about one respondent from

which they are entitled to recover their losses in full; has not complained against the other firm (and so is unlikely to recover any amounts apportioned to that firm); and where it is appropriate to hold a business such as Revolut responsible (that could have prevented the loss and is responsible for failing to do so). That isn't, to my mind, wrong in law or irrational but reflects the facts of the case and my view of the fair and reasonable position.

Ultimately, I must consider the complaint that has been referred to me (not those which haven't been or couldn't be referred to me) and for the reasons I've set out above, I'm satisfied that it would be fair to hold Revolut responsible for Mr K's loss from Payment 1 (subject to a deduction for his own contribution which I will consider below).

Should Mr K bear any responsibility for his losses?

There's a general principle in law that consumers must take responsibility for their decisions. I recognise that there were relatively sophisticated aspects to this scam, not least an apparently credible and professional looking platform. I also understand from his initial submissions that Mr K checked X's reviews on TrustPilot which were positive. However, during a subsequent call with the investigator, Mr K admitted coming across reviews where people were experiencing issues with X. He said he saw a lot of positive reviewed and may have been influenced by them.

Also, as I've noted above, Mr K did appear to have some misgivings after the initial payment. So much so that he raised them with the scammer. It seems the scammer provided reassurances and Mr K continued to make payments. Other than speaking to the scammer, I can't see that he carried out any independent due diligence before parting with more money.

I'm also mindful of Mr K's previous dealings in cryptocurrency. He's told us he invested around £20,000 towards the end of 2021 but lost over 75%. It's reasonable to expect someone with prior experience in cryptocurrency investment to be more aware of the importance of carrying out sufficient independent checks when presented with an investment opportunity, especially when considerable losses have previously been incurred.

Having thought carefully about this, I consider that Mr K ought to bear some responsibility for his losses because of his role in what happened – and that compensation should be reduced accordingly. Weighing up everything, I consider that it would be fair to reduce compensation payable by 50%.

Could Revolut have done anything to recover Mr K's money?

Mr K sent money to a cryptocurrency provider before transferring it to the fraudster (albeit he didn't know that at the time). Revolut wouldn't have been able to recover the funds from the cryptocurrency provider, given that the funds had already been transferred out."

I gave both parties an opportunity to provide additional comments and evidence for me to consider before finalising my decision.

Mr K's representative forwarded his comments for my consideration. In summary, Mr K has asked that I reconsider the contributory negligence deduction. He's explained his judgement and ability to think critically was impaired around the time of the payments when he lost a

close family member who had taken ill suddenly. He states this loss left him isolated and prevented him from seeking guidance from family and friends.

In addition to Mr K's comments, his representative states it's very common for legitimate businesses to have a mixture of reviews on Trust Pilot – citing our service has an example. The representative also argues that in terms of due diligence, there's no adverse information publicly available on X when a backdated search is carried out. Mr K's representative also states that his previous investment in cryptocurrency was through a legitimate company which operated in the same way as X – there were no contract agreements only online terms and conditions.

Revolut didn't respond to my provisional decision, despite being sent a reminder. As the deadline I gave has now passed, it's appropriate for me to progress the case to a final decision.

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.

I thank Mr K and his representative for their comments which I've carefully considered. But their appeal doesn't persuade me to change my outcome in relation to applying a 50% deduction from the refund I consider Revolut needs to make. I realise that this will be disappointing news, but I'll explain why I still think a deduction for contributory negligence is fair.

I'm sorry to hear about Mr K's loss and the circumstances when the disputed payments were made. I acknowledge that it would have been a very difficult period for him. But as I mentioned in my provisional decision, Mr K had his own misgivings about X which he went on to discuss with the scammer. He also told our investigator that during his research, he saw reviews posted by users who were experiencing issues with X.

These actions – of checking and questioning – show judgement in recognising risks. And that despite everything else that was going on at the time, Mr K identified that there was a possibility that something might not be right. I appreciate that Mr K didn't feel he was able to discuss the matter with family and friends which he ordinarily would have. But I think there were enough signs which ought reasonably to have made him question his decision to go ahead with X.

I've considered Mr K's representative's comments regarding Trust Pilot reviews and the Financial Ombudsman Service's score. I think the representative has missed the point. It isn't about mixed reviews or lower overall scores, it is the detail of the review which was ranked as negative. In the period prior to Mr K's payments, there are several negative reviews which not only refer to X as operating a scam, but also setting out specifics of why the user thought they were being scammed. To list a few: being asked to make further payments to release money; being asked to pay tax to make withdrawals; and being unable to log in and contact being cut-off. Some of these reviews also name the individual the user had been dealing with at X – it includes Mr K's account manager.

I think it's important I highlight that Mr K has told our service he did see the reviews. It's not the case that he didn't think to check the reviews because of the difficult period he was going through at the time.

I've also considered Mr K's representative's point about X operating in the same way as the legitimate company he used in 2021, when he lost over 75% of his £20,000 investment.

I accept that both companies featured an online platform (albeit X's was likely simulated). But Mr K was making investments directly in 2021 – he didn't have a personal, dedicated account manager managing his accounts for him and tell him where to send his cryptocurrency.

Mr K has said the bank he sent payments associated to the second firm (recovery scam) from refunded his loss due to his individual circumstances. I appreciate that Mr K was refunded in full by another bank. As I'm not considering a complaint about that bank, I don't have all the details for its reasons for making that decision. While I realise it's only natural for Mr K to hope that Revolut does the same, I've explained above why I don't consider it would be fair for a full refund to be made.

Finally, the provisions of the Lending Standards Board's Contingent Reimbursement Model Code (where, in some situations, a customer may be entitled to a full reimbursement if they are considered vulnerable) don't apply to Mr K's case. This is because Revolut is not a signatory to that code. So, I can't say that Mr K should be refunded in full for that reason either.

In summary, while I don't discount the impact losing a close family member in such sudden circumstances would have had on Mr K, for the reasons given, I still consider it would be a fairer outcome if compensation due is reduced by 50%.

Putting things right

Payment 1 was returned to Mr K's account the next day. Therefore, Mr K's losses stem from Payments 2-8. And so, Revolut Ltd needs to refund Payments 2-8, making a 50% deduction for contributory negligence.

Revolut Ltd also needs to add simple interest at 8% per year to the individual refunded amounts, calculated from the date of loss to the date of settlement. If it considers that it's required by HM Revenue & Customs to deduct income tax from that interest, Revolut should tell Mr K how much it's taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons given, my final decision is that I uphold this complaint. Revolut Ltd needs to put things right for Mr K as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 30 December 2024.

Gagandeep Singh
Ombudsman