

The complaint

Mrs B complains that Revolut Ltd ('Revolut') won't refund the money she says was lost as the result of an investment scam.

What happened

Around April 2023, Mrs B received a call out of the blue from someone who said they were a financial advisor and specialised in cryptocurrency investment. I'll refer to this person as D.

Mrs B doesn't remember the exact details of the returns she was promised but was shown a website for the company D worked for – I'll refer to this company as C. Mrs B said C's website looked professional and that D came across as very knowledgeable, using technical jargon. D told Mrs B he was a senior manager at C and had worked there for a number of years. He said he would help Mrs B invest and would take a small percentage of Mrs B's profits as commission.

D got Mrs B to download screen sharing software and helped her to open an account with C, as well as a cryptocurrency account with a genuine cryptocurrency exchange that I'll refer to as X. Mrs B also opened a Revolut account to facilitate the payments.

Mrs B says she checked online and saw a mixture of good and bad reviews about C, but says the majority were positive. Mrs B says she wasn't an experienced investor, but she had heard about cryptocurrency investments and knew that high profile people were involved.

Mrs B made the following card payments from her Revolut account to purchase cryptocurrency from X, which was paid into her cryptocurrency wallet before being moved to a wallet controlled by D. She funded these payments by transferring money from an account she held with another bank. I'll refer to this bank as Bank E.

Date	Pmt No	Details of transaction	Amount
21.3.2023		Revolut account opened	
28.4.2023	1	Card payment to X	£400
28.4.2023	2	Card payment to X	£800
28.4.2023	3	Card payment to X	£1,200
28.4.2023	4	Card payment to X	£600
2.5.2023	5	Card payment to X	£800
2.5.2023	6	Card payment to X	£1,200
2.5.2023	7	Card payment to X	£1,300
2.5.2023	8	Card payment to X	£1,400
6.5.2023	9	Card payment to X	£1,200
6.5.2023	10	Card payment to X	£1,700
6.5.2023	11	Card payment to X	£1,900
6.5.2023	12	Card payment to X	£900

Bank E intervened when Mrs B tried to transfer £5,700 on 6 May 2023 and called her to discuss the payment. Mrs B told Bank E that she was transferring the money to save in her

Revolut account for a three month cruise that she was going to take. Bank E asked additional questions and, satisfied with the answers Mrs B gave, released the payment. Bank E also read out a safe account scam script.

Mrs B says when her account balance with C reached £19,000, she tried to withdraw the funds, and was told it would be arranged within 24 hours. When Mrs B didn't receive the funds, she tried to contact D but she was unable to get hold of them.

Mrs B raised a fraud claim with Revolut in July 2023, through a professional representative. Revolut declined to refund Mrs B, saying they weren't at fault in processing her payments. Revolut explained that Mrs B didn't have any chargeback rights for the payments as she had authorised them.

Mrs B wasn't happy with Revolut's response, so she brought a complaint to our service.

An investigator looked into Mrs B's complaint but didn't uphold it. The investigator was satisfied that Revolut should've identified a potential scam risk when Mrs B made the payments and asked questions about the purpose. But, the investigator wasn't satisfied that intervention would've uncovered the scam and prevented Mrs B's loss. They said as Mrs B had misled Bank E when answering their questions, it was likely she would've done the same during a Revolut intervention. The investigator was satisfied that Revolut acted fairly in not raising a chargeback as Mrs B received the cryptocurrency from X.

Mrs B disagreed with the investigator's opinion and raised the following points:

- While Mrs B may've misled Bank E, the same payment purpose reason wouldn't have worked with Revolut as they were aware she was making the payments to purchase cryptocurrency.
- Revolut knew of the increased risk associated with cryptocurrency payments, so they should've provided a warning.
- Mrs B wasn't aware that the payments were going to cryptocurrency providers and believed she was funding her account with C.
- Mrs B had been told what to tell Bank E in order for her payments to Revolut to go through quickly.
- As Revolut didn't provide Mrs B with any warnings, she wasn't aware that there might be a problem with what she was being asked to do. Intervention by Bank E shouldn't be considered in deciding whether Revolut should've intervened and what the effect of that intervention would've been.

As the case couldn't be resolved informally, it was passed to me to 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.

I'm really sorry that Mrs B has fallen victim to such a cruel scam and lost a significant amount of money, some of which she had borrowed from a friend.

But, having carefully considered the evidence I've reached the same answer as the investigator for broadly the same reasons. I'll explain why.

In deciding what's fair and reasonable, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

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.

However, Revolut should have been on the 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. And, 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.

Should Revolut have intervened?

Revolut didn't intervene on any of the payments Mrs B made.

As this was a new account, Revolut didn't have previous account activity to compare Mrs B's payments to. And, I'm conscious that Revolut has to find a balance between identifying potentially concerning payments and taking appropriate action, while ensuring minimal disruption to legitimate payments.

But, by January 2023, Revolut would've been aware of the increased frequency of cryptocurrency scams and the increased risk posed by payments that are obviously made in relation to cryptocurrency. In response, I would've expected Revolut to provide a tailored warning that explained how cryptocurrency investment scams work (which were prevalent at the time) and how a customer can protect themselves from falling victim to one.

I think a tailored written warning about cryptocurrency investment scams should've been provided on-screen when Mrs B made payment four. This was her fourth payment made in quick succession, took the total she'd sent to over £3,000 and, importantly, all of these payments were easily identifiable as cryptocurrency related as they were going to a well-known cryptocurrency exchange.

Cryptocurrency investment scams were the most prevalent cryptocurrency scam at the time Mrs B made the payments in May 2023, which is why I think the warning should've been tailored to this scenario.

I wouldn't have expected further intervention by Revolut after payment four, as all of the subsequent payments went to the same payee – a genuine cryptocurrency exchange. Also, while the value of the payments increased, they were broadly similar in pattern to the first four payments she made – so I'm not satisfied that they were so unusual or out of character that I would've expected further intervention.

However, even if I did, I'm not satisfied it would change the outcome in this case.

Would better intervention have made a difference?

If Revolut had provided a tailored written warning aimed at cryptocurrency investment scams, I'm not satisfied that I can fairly say it would've prevented Mrs B's loss.

I say this because I would've expected the warning to highlight common themes for investment scams which would include: finding investment opportunities on social media, investments being promoted by high profile people, unrealistic returns being promised, returns being guaranteed and consumers being asked to download screen sharing software.

In Mrs B's circumstances she hadn't found the investment on social media, although she had been called out of the blue. Also, the specific investment she was making wasn't promoted by a well-known celebrity. Mrs B had seen cryptocurrency investments generally linked to high profile people, but it wasn't a specific feature of the scam she fell victim to.

Mrs B can't remember what returns she was promised, so I don't know if she was promised an unrealistic or guaranteed return.

So, these elements of the warning, are unlikely to have resonated with Mrs B.

Mrs B had been asked to download screen sharing software, but Bank E asked Mrs B if she had downloaded this software when they intervened on her payment made on 6 May 2023. Mrs B told them she hadn't and didn't query why this might matter. Also, Mrs B says D gave her a cover story to give to Bank E to enable her payment to go through quickly. And one of the screen shots that Mrs B shared of her message chain with D, suggests that she was sharing with him what questions she was asked. I also have to take into account that Mrs B did mislead Bank E about the purpose of the payment, she told Bank E that no one was helping her with the payment or with the opening of her new Revolut account, and that she hadn't been told what to say to Bank E.

Mrs B has told us that she quickly trusted D and had done checks on C which had mixed, but mostly positive reviews online.

So, I'm not satisfied that I can fairly conclude that Revolut showing an on-screen warning which set out the main features of a cryptocurrency investment scam, would've prevented Mrs B from making her payments.

And, even if Revolut had asked Mrs B questions about the payments, I think it's more likely than not Mrs B would've asked D how to answer them, as she did when she talked to Bank E. Also, I think D would've allayed her concerns or told her how to answer the questions in order to mislead Revolut and dilute the impact of any warning Revolut gave – as happened with Bank E.

Mrs B says she wasn't aware that she was making the payments to purchase cryptocurrency, however she also told us that D said he specialised in investing in cryptocurrency and that he helped her open an account with a genuine cryptocurrency exchange.

Having carefully considered the evidence, I'm not satisfied that I can fairly conclude that intervention by Revolut would've uncovered the scam or prevented Mrs B from making the payments.

Chargeback

Revolut didn't raise a chargeback as there wasn't a reasonable prospect of success and there wasn't an appropriate chargeback right. I'm satisfied that Revolut acted fairly in these circumstances, as chargeback only looks at the merchant Mrs B paid which was a genuine cryptocurrency exchange. It doesn't look at the end destination of the funds. In this case, X provided the cryptocurrency that Mrs B paid for, so a chargeback wouldn't be successful.

I realise that Mrs B will be very disappointed, but I'm not satisfied that I can fairly hold Revolut liable for her loss or ask them to refund her.

My final decision

My final decision is that I don't uphold this complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 18 March 2025.

Lisa Lowe
Ombudsman