

## **The complaint**

Mr B complains that Revolut Ltd didn't do enough to protect him from the financial harm caused by a recovery scam, or to help him recover the money once he'd reported the scam to it.

## **What happened**

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

In August 2021, Mr B invested in cryptocurrency with the help of a broker who worked for company which I'll refer to as "G". Unfortunately, the investment turned out to be a scam. In September 2022, Mr B received a phone call from someone I'll refer to as "the scammer" who said he was calling on behalf of Company B and that he could help him to recover the funds he'd lost in the previous investment. The scammer confirmed his personal details and how much he'd invested. He told him the investment had grown to £21,625.80, which Mr B noted was consistent with the amount he'd invested.

The scammer responded satisfactorily to all of Mr B's questions and provided documents proving Company B's involvement in the recovery process. He provided a link to Company B's website which featured an about us section, FAQs, and links to well-known review sites showing it had received a minimum of four- star reviews. Unfortunately, Company B turned out to be a clone of a genuine company.

When Mr B confirmed that he wanted to go ahead, the scammer explained he'd have to conduct verification checks as part of the KYC and Anti-Money Laundering (AML) regulations. Once this was complete, he told Mr B to download AnyDesk remote access software to his device so he could guide him through the recovery process, explaining that he required a percentage of the total recovery amount upfront as a deposit.

The scammer told Mr B to open a Revolut account, explaining it was standard practice to dedicate an account for the associated fees and costs. He told him to first purchase cryptocurrency and then load it onto an online wallet. Between 5 October 2022 and 7 June 2023, he made 44 payments to three cryptocurrency exchange companies totalling £50,292.86.

The scammer applied pressure on Mr B to make further payments for additional costs such as commission and legal fees, which Mr B paid having already committed a significant amount of his life savings and fearing he'd lose everything if he didn't comply with the scammer's instructions. He realised he'd been scammed when the scammer continued to make demands for further payments, and he didn't receive any of the funds.

Mr B complained to Revolut with the assistance of a representative who said there were several fraud indicators present including the fact Mr B was sending large and unusual payments to new international payees, there was a rapid depletion of funds and a sudden increase in spending. They also said an initial low value payment is a tactic used by

scammers to test the account before draining the balance with much larger payments and Revolut should have asked detailed questions about the payments.

Revolut said it had provided effective warnings and there were no chargeback rights because the payments were authenticated via 3DS. Mr B wasn't satisfied and so he complained to this service. He said the pop-ups he received weren't effective and he'd gone ahead with the payments because he believed they were genuine.

His representative said Revolut failed to recognise the payments had the hallmarks of a scam. There was no account activity to compare the payments with, but Revolut ought to have been concerned because Mr B was receiving high-value credits into a newly opened account before transferring the funds to high-risk cryptocurrency merchants. They said it should have asked him whether there was a third party involved and if so, how he met them and whether he'd been promised unrealistic returns. And as he hadn't been coached to lie, he'd have explained that an account manager was recovering funds from a previous investment and the scam would have been uncovered.

Our investigator didn't think the complaint should be upheld. He thought Revolut should have intervened when Mr B made the fourth payment on 18 October 2022, because funds were being paid into the account followed by multiple smaller transactions out of the account, which gives the appearance of attempting to avoid fraud detection measures. He said Revolut should have tried to establish the circumstances surrounding the payment and warned Mr B about cryptocurrency investment scams. But, based on his conduct during a live chat with Bank M on 22 September 2022, he didn't think this would have made any difference.

He was also satisfied that there was no prospect of a successful chargeback because Mr B had paid legitimate cryptocurrency merchants and would have received a service. And he didn't think he was entitled to any compensation.

Mr B has asked for his complaint to be reviewed by an Ombudsman. He's argued that Monzo's warnings weren't effective because they didn't address the specific nature of the scam, and the fact he didn't cooperate with Bank M doesn't mean he's incapable of understanding and acknowledging scam warnings. He also believes Revolut should have considered that he was a victim of a previous scam and that as a previous scam victim it's reasonable to expect that additional warnings and intervention from Revolut could have prevented further losses, despite him wanting to make the payment when discussing the payment with Bank M.

### **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.

Having done so, I've reached the same conclusion as our investigator. And for largely the same reasons. I'm sorry to hear that Mr B has been the victim of a cruel scam. I know he feels strongly about this complaint, and this will come as a disappointment to him, so I'll explain why.

I'm satisfied Mr B 'authorised' the payments for the purposes of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although he didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of his bank account, he is presumed liable for the loss in the first instance.

There's no dispute that this was a scam, but although Mr B didn't intend his money to go to scammers, she did authorise the disputed payments. Revolut is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

### *Prevention*

Revolut was an emoney/money remittance provider and at the time these events took place it wasn't subject to all of the same rules, regulations and best practice that applied to banks and building societies. But it was subject to the FCA's Principles for Businesses and BCOBS 2 and owed a duty of care to protect its customers against the risk of fraud and scams so far as reasonably possible.

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 September 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;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- 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 including in relation to card payments);
- 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.

I've thought about whether Revolut could have done more to prevent the scam from occurring altogether. Buying cryptocurrency is a legitimate activity and from the evidence I've seen, the payments were made to genuine cryptocurrency exchange companies. However, Revolut ought to fairly and reasonably be alert to fraud and scams and these payments were part of a wider scam, so I need to consider whether it ought to have intervened to warn Mr B when he tried to make the payments. If there are unusual or suspicious payments on an account, I'd expect Revolut to intervene with a view to protecting Mr B from financial harm due to fraud.

The payments didn't flag as suspicious on Revolut's systems. This was a newly opened account and so there was no spending history to compare the payments with. Further, Mr B was paying legitimate cryptocurrency exchanges and the payments were all relatively low value. For this reason, I don't think the first five payments would have been concerning. However, on 18 October 2023, Mr B made five payments to a high-risk cryptocurrency

merchant, with a cumulative total of £5,008.31, and I think it ought reasonably to have intervened.

I think proportionate response would have been to ask Mr B why he was making the payments and to then provide a written warning covering some of the key features of cryptocurrency-related investment scams, for example:

- Victims are usually targeted via social media or email.
- Scammers will utilise fake positive reviews from other individuals, or fake celebrity endorsements, to persuade you the investment opportunity is legitimate.
- Genuine investment firms won't require you to pay money to withdraw your returns.

I've thought carefully about whether a specific warning covering off the key features of cryptocurrency investment scams would have likely prevented any further loss in this case and on the balance of probabilities, I don't think it would have.

There were several key hallmarks of common cryptocurrency investment scams present, such having been contacted out of the blue and being assisted by a third party, but the written warning wouldn't be tailored specifically to recovery scams and Mr B wasn't making an investment. It's clear from his actions towards the end of the scam that he was desperate to retrieve the money he'd lost to the extent that he continued to make payments when he was being asked to pay unexpected costs such as fees and commission. He also had an interaction with Bank M on 22 September 2022 (less than a month before Revolut should have intervened) in relation to payments to a cryptocurrency merchant that he was making from that account.

During that live chat, Mr B was insistent that the payment be made and stated *"I have been scammed 2 years ago, and I know how it works, I would never deal with any online brokers in my life anymore, I know how scammers call and ask and steal money, I have enough experience unfortunately to know that, so please unblock it, I would never get myself scammed again ever"*. Bank M warned him that *"scammers often convince customers that they have profited from an investment, but the customer needs to make a payment to release the winnings"*.

Mr B's representative has argued that the payments from Bank M weren't related to the scam, but I'm satisfied it is relevant to how he might have reacted to a written warning from Revolut. This was a sophisticated scam and he'd been convinced that the scammer was genuine because he knew his personal details and had information about his previous investment. He'd also been provided with documents and seen positive reviews about the company online.

The weight of evidence that I've outlined persuades me that Mr B believed he was sending funds to recover his previous losses and I don't think there would have been anything within a written warning that would have changed his mind about that. So, on the balance of probabilities, had Revolut provided him with an impactful warning that gave details about cryptocurrency investment scams and how he could protect herself from the risk of fraud, I don't believe it would have resonated with him or that he'd have looked more closely into what he was being asked to do before making the payments.

### *Recovery*

I don't think there was a realistic prospect of a successful recovery because Mr B paid accounts in his own name and moved the funds onwards from there.

Mr B's own testimony supports that he used cryptocurrency exchanges to facilitate the transfers. Its only possible to make a chargeback claim to the merchant that received the disputed payments. It's most likely that the cryptocurrency exchanges would have been able to evidence they'd done what was asked of them. That is, in exchange for Mr B's payments, they converted and sent an amount of cryptocurrency to the wallet address provided. So, any chargeback was destined fail, therefore I'm satisfied that Revolut's decision not to raise a chargeback request against either of the cryptocurrency exchange companies was fair.

### *Compensation*

The main cause for the upset was the scammer who persuaded Mr B to part with his funds. I haven't found any errors or delays to Revolut's investigation, so I don't think he is entitled to any compensation.

I'm sorry to hear Mr B has lost money and the effect this has had on him. But for the reasons I've explained, I don't think Revolut is to blame for this and so I can't fairly tell it to do anything further to resolve this complaint.

### **My final decision**

For the reasons I've outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 28 January 2025.

Carolyn Bonnell  
**Ombudsman**