

The complaint

Mr C complains that Revolut Ltd ('Revolut') won't refund the money he lost after falling victim to an investment scam.

What happened

In 2023, Mr C was looking online for investment opportunities. He found an advertisement for a cryptocurrency investment on a well-known search engine, which was endorsed by celebrities.

In May 2023, Mr C contacted the company that was being advertised – I'll refer to the company as W. Mr C says the contact at W came across as very knowledgeable about cryptocurrency trading. Mr C was given a login for W's platform, where he could see different cryptocurrencies and their performance.

Mr C says he searched for W online, checked the Financial Conduct Authority's (FCA) website and the fraud alert website. He also saw positive reviews posted online.

Initially Mr C invested just over £198 from an account he held with another bank. Mr C could see his investment on the trading platform with W, and it made a small profit. So, Mr C decided to increase his investment and made a payment of £8,050 from his Revolut account.

Overnight, Mr C started having concerns about the larger investment and asked to withdraw his funds. Mr C received back £8,087.96, which was his original investment of £8,050 and £37.96 which it had earned while it was invested.

Mr C exchanged messages with his contact at W for around a period of time, before he decided to invest again.

These are the payments that Mr C made from his Revolut account, and the withdrawals he was able to make from his investment.

Date	Pmt No	Details of transaction	Amount
30.5.2023	1	Payment to K – a cryptocurrency exchange	£8,050.00
31.5.2023		<i>Withdrawal from his investment</i>	<i>£8,087.96 cr</i>
21.6.2023	2	Payment to K – a cryptocurrency exchange	£2,500.00
22.6.2023	3	Payment to K – a cryptocurrency exchange	£2,500.00
22.6.2023	4	Payment to K – a cryptocurrency exchange	£2,500.00
26.6.2023	5	Payment to K – a cryptocurrency exchange	£2,500.00
14.7.2023	6	Payment to K – a cryptocurrency exchange	£13,000.00
17.7.2023		<i>Withdrawal from his investment</i>	<i>£713.40 cr</i>
20.7.2023	7	Payment to K – a cryptocurrency exchange	£15,000.00
20.7.2023		<i>Withdrawal from his investment</i>	<i>£836.87 cr</i>
25.7.2023		<i>Withdrawal from his investment</i>	<i>£457.48 cr</i>
3.8.2023		<i>Withdrawal from his investment</i>	<i>£1,160.81</i>
4.8.2023	8	Payment to K – a cryptocurrency exchange	£1,000.00

Mr C says that he received a detailed trading plan which included return on investment (ROI) stats, annual return stats and in-depth trading stats. He was also added to a VIP group chat in July 2023.

In August 2023. Mr C was told he needed £60,000 to liquidate his investment. When he refused to make further payment, the communication with his contact stopped and he realised he'd been the victim of a scam.

Mr C raised a fraud claim with Revolut in September 2023. Revolut investigated his fraud claim but declined to refund him, saying they'd provided warnings on the first payment Mr C made due to concerns.

Mr C wasn't happy with Revolut's response, so he brought a complaint to our service.

An investigator looked into Mr C's complaint and upheld it. The investigator felt Revolut should've provided human intervention when Mr C made his first payment as he selected "safe account" as the payment purpose. But they felt Mr C should share liability for his loss as he hadn't done sufficient checks on the company he was investing with. The investigator recommended a refund of 50% of all the payments, and interest calculated at 8% simple per year.

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

- A third party's account could be considered a "safe account" by a customer, therefore using this payment method isn't an indication of fraud.
- The investment payments took place over a two month period, giving Mr C adequate time to complete due diligence on the company he was investing with.
- Revolut are an EMI, not a bank, so the payments weren't out of character with the typical way an EMI account is used.
- The account opening purpose was "crypto", so the payments were in line with that purpose.
- It was a new account, so there was no previous account activity to compare the payments to.
- Revolut are required to execute payments without undue delay.
- Revolut had no reason to suspect the payments were being made as the result of fraud.

Mr C also disagreed with the investigator's opinion. Mr C said the celebrity endorsement and finding the advert on a reputable search engine, persuaded him that it was a legitimate investment opportunity.

As both parties disagreed with the investigator's opinion, the case was passed to me to review.

Having reviewed the case, I reached a different answer than the investigator. So, I issued a provisional decision asking both parties for any further evidence they want considered before a final decision is issued.

My provisional decision

In my provisional decision I said:

I'm really sorry to hear about the difficult times Mr C had gone through personally prior to falling victim to this scam.

In broad terms, the starting position at law is that an Electronic Money Institution (EMI) such as Revolut are 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.

Here it's not in dispute that the payments were authorised, so the starting position is that Revolut aren't liable for the transactions.

There are, however, some situations where we believe that businesses, taking into account relevant rules, codes and best practice standards, shouldn't have taken their customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Revolut also has a duty to exercise reasonable skill and care, pay due regard to the interest of its customers and to follow good industry practice to keep customer's accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm. Taking these things into account, I need to decide whether Revolut acted fairly and reasonably in its dealings with Mr C.

Should Revolut have intervened?

I'm satisfied that Revolut should've intervened when Mr C made the first payment. I say this based on the size of the payment, because he chose a payment purpose of "safe account", and because it was going to an identifiable cryptocurrency exchange.

Revolut say they provided Mr C with an onscreen warning based on the payment purpose he chose, because they had concerns about the payment. But I think Revolut should've contacted Mr C and asked him questions about the payment, for example, through their in-app chat.

I don't think Revolut should've intervened on any of the subsequent payments as they weren't made in quick succession, and they were going to an existing payee. Also, as a new account, these payments created a pattern of what "normal" activity would look like.

However, even if I were to say Revolut should've intervened on any of the later payments it wouldn't change the outcome, and I'll explain why.

Would intervention have made a difference?

I'm not satisfied that if Revolut had intervened on payment one that it would've prevented Mr C's loss.

If Revolut had asked Mr C questions about the payment, I think it's likely he would've told them that he was investing. Revolut should have followed up with further questions which might've included: how Mr C found W, what research Mr C had done into W, what returns he was expecting and what he knew about cryptocurrency.

I don't think Revolut would've been concerned based on the information Mr C would've given them in relation to questions they asked, because:

- Mr C says W was using the name of an existing genuine company, so any search done in relation to their name gave results relating to the genuine company.
- Mr C did extensive checks on W before making the first payment, including searching for them online, reading reviews online, checking the FCA's website and the fraud alert website. All of the information that Mr C found suggested that he was dealing with a genuine firm with a good reputation.
- Mr C has also told us that he had security extensions on his browser which would tell him when a website was a scam/suspicious, and it didn't flag the website he was using.

So, I think in answering Revolut's questions it's more likely than not Mr C would've allayed any concerns they might've had about the payment he was making.

I think if Revolut had contacted Mr C in relation to any of the later payments, it's unlikely any concerning information would've become available. Also, Mr C had received several successful withdrawals from his investment, which would've satisfied Revolut that he had access to his investment account and was able to withdraw funds.

It's also worth noting that Mr C says the scammers were coaching him on how to process the payments and that he doesn't remember selecting the payment purpose or seeing any warning when he made the payments. So, it's possible the scammers could've given Mr C a convincing cover story, if there were any questions he wasn't able to answer.

I think any warning Revolut would've given Mr C based on the information he gave them would've been a warning about cryptocurrency investment scams. But I think that is unlikely to have resonated with Mr C or have convinced him not to make the payments, based on the extensive research he'd done and W using of the name of a genuine investment firm.

So, I'm not satisfied that Revolut could've prevented Mr C's loss.

Recovery of funds

I'm satisfied that Revolut did what it could to recover Mr C's money once it was aware of the fraud.

Mr C's funds were used to purchase cryptocurrency which was paid into a wallet before being moved to the scammer. Revolut would only be able to attempt to recover funds from the cryptocurrency wallet, not from the ultimate destination of the scammer's account. So, there was nothing further that Revolut could've done to recover Mr C's funds.

I understand that Mr C was particularly vulnerable when he fell victim to this scam, however I'm not satisfied that Revolut were aware of his vulnerability. So, I can't fairly say they should've taken any additional steps to protect him from this scam.

I'm really sorry to disappoint Mr C as he's lost a significant amount of money due to a cruel scam. But, having carefully considered all of the information, I'm not satisfied that I can fairly ask Revolut to refund him.

My provisional decision was that I didn't intend to uphold this complaint.

Responses to my provisional decision

Revolut didn't respond to the provisional decision.

Mr C responded, saying he disagreed with the outcome reached. He raised the following points:

- Mr C is being penalised for completing due diligence on the scam platform and that we have no basis to think that he wouldn't have stopped making the payments if Revolut had intervened, as only he knows whether he would have made the payments.
- When Mr C first opened his account, the purpose of the account was a "trading account". It was only when he tried to withdraw the funds that the scammer told him it would have to be changed to a "safe account". Therefore, Mr C was following the scammers instructions.

Under the Dispute Resolution Rules (found in the Financial Conduct Authority's Handbook), DISP 3.5.13, says, if a respondent (in this case Revolut) fails to comply with a time limit, the ombudsman may proceed with the consideration of the complaint.

As the deadline for responses to my provisional decision has expired, I'm going to proceed with issuing my final decision. However, I think it's unlikely that Revolut would've provided any new evidence or information that would've changed the outcome of the case.

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've carefully considered the points that Mr C has raised, however I've reached the same outcome as in my provisional decision. I'll explain why.

Where there is a dispute about what happened, and the evidence is incomplete or contradictory, I've reached my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened considering the available evidence.

So, I have to decide whether it's more likely than not intervention by Revolut would've broken the spell that the scammer had Mr C under and prevented his loss.

All of the research that Mr C did on W, convinced him that it was a genuine company and I think this would've affected the impact of any warning Revolut might've given. Especially as he had done all the checks that Revolut might've suggested as a way to ensure it wasn't a scam.

Also, it's clear that Mr C was following the instructions of the scammer. So much so, that he doesn't remember seeing the warning screen that was provided by Revolut. I think that if Revolut had asked Mr C questions about the investment, it's most likely Mr C would've provided answers that would have reassured Revolut that Mr C had completed relevant checks on W. And if Mr C was unsure how to answer a question, it's more likely than not he would've asked the scammer who would've guided him through the questions in the same way they guided him through the payment process.

Having carefully considered the points Mr C has raised, I'm not satisfied that I can fairly conclude that Revolut asking Mr C questions about the payment or giving Mr C a cryptocurrency investment scam warning, would've prevented him from making the

payments. I'm not penalising Mr C for the research he's done, but it would've been persuasive to him and Revolut during an intervention. Even more so, where a genuine business has been cloned and there was no information available at the time Mr C made his first payment which would've suggested that Mr C was dealing with a clone.

I'm really sorry to disappoint Mr C as he's lost a significant amount of money to this scam, but I'm not satisfied that I can fairly ask Revolut to refund him.

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 Mr C to accept or reject my decision before 8 January 2025.

Lisa Lowe
Ombudsman