

The complaint

Mr P complains that Revolut Ltd won't refund the money he lost when he fell victim to a Scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat it in detail here. But in summary and based on the submissions of both parties, I understand it to be as follows:

Between November and December 2022 Mr P was browsing on the internet and came across an article about trading which had celebrity endorsements. Mr P has said he also remembered during that period of time there was a lot of publicity about cryptocurrency and how it was the right time to invest.

At the bottom of the article, it had the scam company advertised and Mr P provided his contact details. Mr P was contacted and recalls the scammer being professional and friendly, as such he says he quickly built a rapport. The scammer said he was a manager from the company and explained that the process would involve him initially setting up an account with them to create an investment portfolio. The scam company would then be responsible for Mr P's trading account and would manage it on his behalf. Mr P was impressed by the scam company and what he'd been told. And he says he carried out research on the company, including their website, and was reassured as it all looked legitimate.

Mr P and the scammer would correspond via text message, phone and he also received emails all of which were well-laid out and signed off using the legitimate company logo. After signing up to the trading platform Mr P felt further assured by how professional it looked. He then opened his account with Revolut on 6 January 2023 and sent his first payment that same day.

Between 6 January and 13 March 2023 Mr P sent several payments to the scammer. The transactions appeared on Mr P's statement as follows:

Date	Payment	Payment Method	Amount
06/01/2023	Cryptocurrency Exchange	Card Payment	£150
26/01/2023	Cryptocurrency Exchange	Card Payment	£870
30/01/2023	Cryptocurrency Exchange	Card payment	£9,000
15/02/2023	Cryptocurrency Exchange	Withdrawal	£496.86
27/02/2023	Payee 1	Card payment	£3,500
27/02/2023	Payee 2	Card payment	£6,500
01/03/2023	Payee 3	Card payment	£12,995
01/03/2023	Payee 4	Card payment	£9,400

01/03/2023	Payee 5	Card payment	£2,776
06/03/2023	Cryptocurrency Exchange	Withdrawal	£491.00
06/03/2023	Cryptocurrency Exchange	Withdrawal	£3928
06/03/2023	Cryptocurrency Exchange	Withdrawal	£500.82
06/03/2023	Payee 6	Card payment	£5,000
06/03/2023	Payee 6	Card payment	£5,000
06/03/2023	Payee 7	Card payment	£5,000
06/03/2023	Payee 7	Card payment	£5,000
06/03/2023	Payee 7	Card payment	£5,000
06/03/2023	Payee 7	Card payment	£5,000
06/03/2023	Payee 8	Card payment	£4,870
07/03/2023	Payee 9	Card payment	£50,000
08/03/2023	Payee 9	Card payment	£50,000
09/03/2023	Payee 9	Card payment	£50,000
09/03/2023	Payee 9	Card payment	£30,000
13/03/2023	Payee 10	Card payment	£20,000

When Mr P attempted to make a withdrawal, he was told by the scammer there would be fees payable of around £60,000 for tax. In Mr P's submission to our service, he says that he challenged the tax as he had never been told this previously. However, under the spell of the scammer he proceeded to open an account with a third-party bank which I will refer to as 'C'. But when Mr P attempted to transfer further funds from C, the bank intervened, and Mr P says due to its questions the scam was revealed. Mr P subsequently realised he'd been scammed and got in touch with Revolut on 24 March 2023.

Ultimately, Revolut didn't reimburse Mr P's lost funds, and Mr P referred his complaint about Revolut to us. As the complaint couldn't be resolved informally, the case was passed to me for a decision.

I issued my provisional decision on 3 December 2024 where I said the following:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Firstly, I'm sorry if Mr P lost money to a scam but this doesn't automatically entitle him to a refund from Revolut. It would only be fair for me to tell Revolut to reimburse Mr P if I thought it reasonably ought to have prevented the payments or it unreasonably hindered recovery of the funds.

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. But, 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 January 2023, at the time of these particular payments, which were before 31 July 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 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.*

However, there are many payments made by customers each day and it's not realistic or reasonable to expect Revolut to stop and check every payment instruction. There's a balance to be struck between identifying payments that could potentially be fraudulent, and minimising disruption to legitimate payments. Bearing this in mind, I need to decide whether Revolut acted fairly and reasonably in its dealings with Mr P when it processed the relevant payments.

Mr P opened his account with Revolut on 6 January 2023. As such, Revolut has said this would have made it difficult to detect uncharacteristic payments (given the lack of account history). While I don't agree that this prevents Revolut from appropriately identifying suspicious activity, I also have to take into consideration other factors.

Mr P made a payment to the crypto currency exchange of £150 on the same day he opened the account. He made a second payment of £850 (to the same crypto exchange) 20 days later. I'm satisfied it wouldn't be reasonable to have expected Revolut's systems to have been triggered by the above payments. I say this because the first payments were low in value and I don't think it indicates a heightened risk of potential fraud.

However, on 30 January 2023 Mr P makes a card payment (to the same cryptocurrency exchange) for £9,000. This was a significant increase compared to the two prior transactions, with escalating payments of an increased value being a potential indicator of fraud. The payment was also identifiably going to a cryptocurrency exchange. Therefore, in my view, there was enough about the characteristics of this transaction and the activity on Mr P's account that ought to have been concerning such that Revolut should have intervened at that time. I say this because, by January 2023, the expectation was that Revolut ought to have recognised the elevated risk associated with cryptocurrency.

What kind of warning should Revolut have provided and would this have prevented Mr P's further losses?

Revolut has confirmed that no warnings were provided to Mr P (apart from the confirmations of new payee warnings, which I don't think were sufficient here). In light of what I have outlined above, I think it would have been proportionate at that time for Revolut to have issued Mr P with a written warning tailored to crypto investment scams – covering off their key features. As the information which would have been available to Revolut at that time, is that the transactions were of a certain value, on a new account being sent to a crypto exchange.

However, I have considered what I think is most likely to have happened if Revolut had providing such a warning. From the evidence provided, it's clear Mr P had the intentions to 'trade' and was aware the trading would involve cryptocurrency. In his own submissions to our service Mr P has said when he saw the advert there had also been a "lot of publicity

about cryptocurrency and how it was the right time to invest". As such, as he was aware the trading would involve cryptocurrency, I'm satisfied that a cryptocurrency warning wouldn't have alerted Mr P to the fact that he could be at risk of financial harm. I say this because, I don't think this would have triggered Mr P to think he was at risk given his set of circumstances and I will discuss this in more detail below.

It could be argued that a more interactive intervention was required, whilst I am not of that opinion, to avoid any doubt, I have considered what I think is likely to have happened if Revolut had done this. Revolut usually uses its in app-chat to do this. I've thought about the kind of questions I believe Revolut ought to ask in these circumstances, and ultimately if it had asked Mr P those questions would it have made a difference to him going ahead with the payments. I have also had to bear in mind that the level and depth of questioning has to be proportionate to the situation - I have to consider that Mr P should not have been subjected to an interrogation by Revolut.

In my view, if Revolut had intervened more formally it would have likely asked Mr P to provide details such as; to whom the money was being paid to; why; how he had come across the investment; his previous investment experience; and what research he had undertaken about the investment company.

Upon asking Mr P the reason for the payment, I think it is likely Mr P would have been unhappy with the questions he was being asked. I say this because Mr P had transferred some funds from a third-party bank (which I will call 'A') to his account with Revolut. And some of these payments were blocked. As such, A made several phone calls with Mr P to enquire about the transfers. After listening to these calls, I am aware on occasions Mr P didn't provide accurate information. This includes when asked what he was investing in, he said "none of your business" and said things such as "I know what I am doing" and that he felt A was treating him like a child when he is an experienced investor who has done his research. Therefore, it was apparent Mr P felt confident and found A's questions to be unnecessary and obstructive. And while Mr P couldn't have provided Revolut with all the same answers he did A, (as Revolut would have known Mr P was transferring to a cryptocurrency provider), I am satisfied Mr P would have likely approached Revolut's questions in a similar manner, as he was adamant he wanted to make the payments.

If Revolut had intervened would that have prevented Mr P's further losses?

As I have highlighted above, I think it would have been proportionate for Revolut to have issued a written crypto currency warning. And for the reasons I have highlighted above, I don't think it would have prevented Mr P's further losses.

However, as I have considered what is likely to have happened if Revolut had conducted a more formal intervention (as I am aware Mr P feels it ought to have done) I have considered if it had done so, would it have prevented any further losses. Again, as I have explained above, I am not persuaded that even if it could be argued Revolut ought to have provided a more formal intervention, it would have resulted in Mr P doing anything differently or answering Revolut's questions in a way that would have alerted it he was at risk of being a victim of a scam. I say this because of the calls he had with A, and the fact, Mr P was also assured by the research he had conducted, was satisfied with the information he had been provided - along with him stating he had investment experience with A. As such, I think this would have provided Revolut with the reassurances it needed to permit the payments. So, while I don't dispute Revolut ought to have been concerned about the third payment Mr P had made (and potentially subsequent payments), if it had intervened (either by written warning or a more interactive intervention), I am not persuaded it would have resulted in a different outcome for Mr P.

I accept that Mr P's representative has made an argument to suggest, if Revolut had intervened as C did, it would have revealed the scam. However, I am not persuaded by this point. Putting aside the arguments I have outlined above, at the point C was involved in the scam, Mr P had doubts about the legitimacy of the investment which he didn't have when making the payments from his Revolut account. In his submission he outlined that he had questioned why he needed to pay tax to release his funds, which he hadn't been told previously. Therefore, I am satisfied that this was the first red flag Mr P had noticed and on balance, I think it is likely that he was more cautious and receptive to the questions asked by C oppose to those of B which was much earlier on in the scam process.

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

I have gone on to consider if Revolut took reasonable steps to try and recover the funds.

Mr P sent the last payment on 13 March 2023 and reported the scam on 24 March 2023 (11 days later).

There were seven payments made where Mr P transferred the money to a legitimate cryptocurrency exchange (to an account in his own name). As such, he would have converted the money into crypto prior to sending the money onto the scammer.

Therefore, Mr P received a 'service' from the crypto exchange prior to transferring the funds onto the scammer. As such, there would be no avenue for Revolut to pursue retrieving the funds. Especially given the delay from when the last payment was sent to Mr P's wallet. In regards to the other transactions, these were peer to peer payments. So, putting the delay in reporting the scam aside, it was highly unlikely, even if the scam had been reported sooner, that Revolut would have been able to recover the funds. I say this because, these transactions were made to legitimately purchase cryptocurrency, and sent to third parties, so recovery would have likely failed. Secondly, due to the delay in Mr P reporting the scam, it's unlikely there would have been any funds left to recover, as scammers usually utilise the funds as quickly as possible.

So, it follows, despite my natural empathy for Mr P, I won't be asking Revolut to do anything further."

I went on to say that my provisional decision was that I didn't uphold the complaint. I gave both parties until 17 December 2024 to respond with any further comments or evidence for me to consider.

I didn't receive a response from Revolut. Mr P's representative did respond and said it didn't think I had considered what would have happened if a more formal intervention (not just a warning has occurred and given some of the later payments Mr P transferred it felt a more formal intervention had been required. Mr P also responded and said in summary he didn't agree with my findings and felt that Revolut didn't have proper controls in place in 2023 to safeguard consumers money and Revolut ought to have intervened sooner.

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.

After considering the further comments provided, my decision remains the same, I will explain why.

I disagree with the representatives' comments that I hadn't considered what would have

happened if Revolut had conducted a more formal intervention. In my provisional findings I say:

“In my view, if Revolut had intervened more formally it would have likely asked Mr P to provide details such as; to whom the money was being paid to; why; how he had come across the investment; his previous investment experience; and what research he had undertaken about the investment company.”

I then go on to give my reasoning as to why I reached that conclusion. Further on in my provisional findings I say:

“However, as I have considered what is likely to have happened if Revolut had conducted a more formal intervention (as I am aware Mr P feels it ought to have done) I have considered if it had done so, would it have prevented any further losses. Again, as I have explained above, I am not persuaded that even if it could be argued Revolut ought to have provided a more formal intervention, it would have resulted in Mr P doing anything differently or answering Revolut’s questions in a way that would have alerted it he was at risk of being a victim of a scam. I say this because of the calls he had with A, and the fact, Mr P was also assured by the research he had conducted, was satisfied with the information he had been provided - along with him stating he had investment experience with A. As such, I think this would have provided Revolut with the reassurances it needed to permit the payments.”

I appreciate Mr P’s representative has said if Revolut had asked open questions and ‘encouraged honesty’ the scam would have been revealed. But as I have stated above, I don’t agree. In my provisional findings I outlined the open questions I would have expected Revolut to have asked and provided my reasons as to why I don’t think Mr P would have given accurate answers to put Revolut in a position to identify that Mr P was at risk of financial harm.

I will summarise those reasons again. I accept some of the answers Mr P gave A (when they conducted a more formal intervention) he wouldn’t have been able to provide to Revolut (as Revolut ought to have been aware where the funds were being transferred to). But Mr P had several calls with A and gave multiple reasons for why he was transferring the funds. He also made several comments such as “I know what I am doing” and that he felt A was treating him like a child when he is an “experienced investor who has done his research.” This accompanied by the fact Mr P was assured by the research he had conducted, was satisfied with the information he received and was confident in his own investment experience, on balance persuades me it would have resulted in the same outcome for Mr P.

I accept that Mr P has said Revolut ought to have done more and didn’t intervene sooner. In my provisional findings I said that there were characteristics of the transactions and activity on Mr P’s account that ought to have been concerning such that Revolut should have intervened. So, while I agree with Mr P that Revolut ought to have intervened sooner, I have to go on to consider if they had intervened, would it have prevented the scam and the loss which occurred. And for the reasons I have outlined above, I am not persuaded it would have.

Therefore, it follows that my decision remains the same

My final decision

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 P to accept or reject my decision before 16 January 2025.

Jade Rowe
Ombudsman