

The complaint

Mr B complains that Revolut Ltd won't refund money he lost when he was a victim of an investment scam.

Mr B is represented by a firm I'll refer to as 'C'.

What happened

I issued my provision decision on this complaint on 16 May 2023. It said:

"The background to this complaint is well known to both parties and so I'll only refer to some key events here.

In 2022 Mr B fell victim to an investment scam. He's explained that he came across an advert for a firm – which I'll refer to as 'T' - on social media that was 'sponsored' by a well-known public figure. The advert took him to T's website where he completed an enquiry form – leaving his contact details. T then spoke with Mr B, explaining how they worked and how they could help him achieve his goals. There was an initial £210 startup fee, which Mr B paid from another banking provider.

T helped Mr B set up a trading account with them, a crypto wallet with a legitimate crypto provider and an account with another Electronic Money Institution (EMI). And to do this, they directed Mr B to download remote-desktop software. Mr B initially made payments to the scam from this other EMI account. But he then went on to make the following payments from his Revolut account (which he'd opened in 2017 but hadn't used since then) to the scam via the legitimate crypto provider:

Date	Transaction type	Amount
18 October 2022	Debit card	£3,000
18 October 2022	Debit card	£5,000
18 October 2022	Debit card	£4,990
20 October 2022	Debit card	£5,000
20 October 2022	Debit card	£5,000
24 October 2022	Debit card	£5,000
24 October 2022	Debit card	£5,000
24 October 2022	Debit card	£3,500
24 October 2022	Debit card	£5,000

24 October 2022	Debit card	£5,000
25 October 2022	Debit card	£5,000
25 October 2022	Debit card	£5,000
25 October 2022	Debit card	£4,000
26 October 2022	Debit card	£3,000
26 October 2022	Debit card	£4,900
27 October 2022	Debit card	£1,000
	Total	£69,390

Mr B realised he'd been scammed when T continued to apply high pressure tactics for him to deposit further funds, which he was told was required to save his investment after it had dropped in value; and T started to become hostile.

C complained on Mr B's behalf to Revolut on 11 September 2023 saying the payments were made as part of a scam. In short, they said:

- Revolut failed in their duty of care to protect Mr B from the scam.*
- Mr B had a reasonable basis to believe the investment opportunity was genuine.*
- Revolut had several opportunities to intervene, detect the scam and prevent it.*
- The account activity should've flagged additional security – prompting Revolut to ask probing and open-ended questions. Mr B would've been open and honest with all his answers.*
- So, had Revolut done this then they would've identified the scam. In turn, an effective scam warning should've been provided which would've prevented Mr B's losses.*
- To settle this complaint, Revolut should refund Mr B, pay 8% simple interest and £300 compensation.*

Revolut didn't uphold the complaint. In short, they said:

- They raised chargebacks on the transactions to recover the funds lost. But they explained the chargeback process is framed by a very detailed and consistent set of rules. And, essentially, the process includes two types of claims – fraud or dispute – with dispute claims raised for these transactions.*
- Mr B would receive the chargeback outcomes by email and in-app notification once their investigation is completed.*

The complaint was referred to the Financial Ombudsman. Our Investigator thought it should be upheld and recommended Revolut refund Mr B from the second payment and pay 8% simple interest. This was because he thought Revolut should've carried out additional checks before processing the £5,000 payment on 18 October 2022. And had Revolut done

this, he considered the scam would've been uncovered through appropriate questioning. Our Investigator also didn't think it would be fair to reduce to award in these circumstances due to contributory negligence on Mr B's part. He thought Mr B acted reasonably when considering his lack of investment experience.

C confirmed Mr B's acceptance.

Revolut didn't agree. In short, they added:

- This was a 'self-to-self' scenario in which Mr B owned and controlled the beneficiary account to which the payments were sent. Hence, the fraudulent activity didn't occur on Mr B's Revolut account – as the payments were made to a legitimate crypto provider before being sent to the scam platform.*
- 'Self-to-self' payments don't meet the Dispute Resolution Rules ("DISP Rules"), nor the Contingent Reimbursement Model (CRM) code or mandatory reimbursement scheme rules definition of an Authorised Push Payment (APP) scam.*
- For the Financial Ombudsman to apply the reimbursement rules to self-to-self transactions executed by Revolut is an error in law. Alternatively, the Financial Ombudsman has irrationally failed to consider the fact these transactions are self-to-self and therefore obviously distinguishable from transactions subject to the regulatory regime concerning APP fraud.*
- They are also concerned that the Financial Ombudsman appears to have decided as a matter of policy, that Revolut should be left "holding the baby" because, subsequent to the self-to-self transfers involving a Revolut account, customers have transferred those funds to their account with a third party.*
- It might be appropriate for the Financial Ombudsman to exercise its powers under DISP to inform Mr B that it could be appropriate to make a complaint against another firm if necessary.*
- While they recognise the Financial Ombudsman may have considerable sympathy for customers who have been defrauded, this allocation of responsibility is at odds with the approach the statutory regulator deems appropriate and is irrational.*
- It is irrational (and illogical) to hold Revolut liable for customer losses in circumstances where Revolut is merely an intermediate link, and there are typically other financial institutions in the payment chain that have comparatively greater data on the customer than Revolut, but which the Financial Ombudsman hasn't held responsible in the same way as Revolut.*

The matter has been passed to me to decide.

What I've provisionally 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.

In broad terms, the starting position at law is that an EMI such as Revolut is expected to process payments and withdrawals that a customer authorises them 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, they must carry out the instruction promptly. It is not for the bank to concern itself with the wisdom or risk of their 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 their consumer's instructions where they 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 B 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 their 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 am satisfied that paying due regard to the interests of their 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 they suspected their 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 October 2022 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 am 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;*
- 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 October 2022, Revolut, whereby if they identified a scam risk associated with a card payment through their automated systems, could (and sometimes did) initially decline to make that payment, in order to ask some additional questions (for example through their in-app chat).

I am 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).*
- Over the years, the FCA, and their 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 their customer’s accounts and scrutinise transactions.*
- The October 2017, BSI Code, 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 (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 crypto when considering the scams that their 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 crypto 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 crypto 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 they suspected fraud, as indeed Revolut does in practice (see above).*

Overall, taking into account relevant law, regulator's 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 October 2022 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 their 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 crypto accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.*

Whilst I am 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 October 2022, Revolut should in any event have taken these steps.

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

It isn't in dispute that Mr B authorised the payments he made by debit card to the crypto wallet (from where that crypto was subsequently transferred to T). But whilst I have set out the circumstances which led Mr B to make the payments using his Revolut account and the process by which that money ultimately fell into the hands of the fraudster, I am mindful that, at that time, Revolut had much less information available to them upon which to discern whether any of the payments presented an increased risk that Mr B might be the victim of a scam.

I'm aware that crypto providers, like the one Mr B made his payments to here, generally stipulate that the card used to purchase crypto at their 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 the payments would be credited to a crypto wallet held in Mr B's name.

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

During 2022, many high street banks had taken steps to either limit their customers' ability to purchase crypto using their bank accounts or increase friction in relation to crypto related payments, owing to the elevated risk associated with such transactions. This left a smaller number of payment service providers, including Revolut, that allowed customers to use their accounts to purchase crypto 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 (PSPs), many customers who wish to purchase crypto 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 crypto 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 crypto provider, a fact that Revolut is aware of.

So, taking into account all of the above I am satisfied that by October 2022, Revolut ought fairly and reasonably to have recognised that their customers could be at a risk of fraud when using their services to purchase crypto, notwithstanding that the payment would often be made to a crypto wallet in the consumer's own name.

To be clear, I'm not suggesting that, as a general principle, Revolut should have more concern about payments being made to a customer's own account than those which are being made to third party payees. As I've set out in some detail above, it is the specific risk associated with crypto in October 2022 that, in some circumstances, should have caused Revolut to consider transactions to crypto providers as carrying a risk of fraud and the associated harm.

In those circumstances, as a matter of what I consider to have been fair and reasonable, good practice and to comply with regulatory requirements, Revolut should have had appropriate systems for making checks and delivering warnings before they processed such payments. And as I have explained Revolut was also required by the terms of their contract to refuse or delay payments where regulatory requirements meant they needed to carry out further checks.

Taking all of the above into account, and in light of the increase in multi-stage fraud, particularly involving crypto, I don't think the fact payments in this case were going to an account held in Mr B's own name should have led Revolut to believe there wasn't a risk of fraud.

So, I've gone onto consider, taking into account what Revolut knew about the payments, at

what point, if any, they ought to have identified that Mr B might be at a heightened risk of fraud that merited their intervention.

The debit card payments should've been identified by Revolut as going to a crypto provider. But while, as per above, there is a known risk with crypto, I must keep in mind that EMLs process high volumes of transactions each day. And that there is a balance for Revolut to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate. Here, there wasn't any recent account usage on Mr B's account. Because of this, Revolut couldn't determine whether this activity was out of character for Mr B.

But I think by the point of the £4,990 payment on 18 October 2022, Revolut should've seen this activity as suspicious – particularly as this was the third payment made within the space of about ten minutes (which is a potential indicator of fraud). It is also brought Mr B's total crypto spend to about £13,000, which is a significant amount for an account that had also remained inactive for a long period of time.

I appreciate Revolut needs to take an appropriate line between protecting against fraud and not unduly hindering legitimate transactions. But given what Revolut knew about the destination of the payments, I think the circumstances should have led Revolut to consider that Mr B could be at risk of financial harm from fraud. In line with good industry practice and regulatory requirements, I am satisfied that it is fair and reasonable to conclude that Revolut should have warned Mr B before processing the £4,990 payment.

To be clear, I do not suggest that Revolut should provide a warning for every payment made to crypto. Instead, as I've explained, I think it was the combination of the value of the payments and the speed at which they were made, on what had been an inactive account, and that the fact it went to a crypto provider which ought to have prompted a warning.

What did Revolut do to warn Mr B?

I haven't seen anything to show Revolut provided Mr B with any scam warnings before processing the disputed payments.

As per above, I think Revolut needed to do more.

What kind of warning should Revolut have provided?

I've thought carefully about what a proportionate warning in light of the risk presented would be in these circumstances. In doing so, I've taken into account that many payments that look very similar to these will be entirely genuine. I've given due consideration to Revolut's duty to make payments promptly, as well as what I consider to have been good industry practice at the time this payment was made.

Taking that into account, I consider a proportionate response to the identifiable risk would've been for Revolut to have attempted to establish the circumstances surrounding the payment before allowing it to debit Mr B's account. I think they should have done this by, for example, directing Mr B to their in-app chat to discuss the payment further.

If Revolut had attempted to establish the circumstances surrounding the £4,990 payment on 18 October 2022, would that have prevented the losses Mr B suffered?

I've thought carefully about whether, had Revolut contacted Mr B to establish the circumstances surrounding this payment, they would've most likely prevented his loss. Having done so, I think they most likely would.

When considering this, I've looked at Mr B's chat conversation with T and his interactions with the bank (that I'll refer to as 'N') in which the scam funds originated. And in the chat conversation between Mr B and T, shortly after he made the £4,990 payment, there is evidence that T was coaching Mr B to tell N he was transferring money to his own account with Revolut. And that he was being advised that it is all N needed to know, with the rest being his private life. Having listened to Mr B's calls with N, these conversations seem primarily focussed on the risks of safe account scams – and so, some of the questions weren't relevant to Mr B's circumstances. But within these calls, Mr B does tell N that the money is being transferred to Revolut to be used for trading purposes. Unfortunately, N doesn't probe him further in respect of the underlying circumstances of the trading. Nor do N provide any tailored warnings in relation to investment scams or their common features. But from this however, and despite the coaching from T, it seems Mr B was willing to disclose the true purpose of why he was transferring the funds.

Here, given Revolut knew the payment(s) was being made to a crypto provider, they would've had greater knowledge as to where the funds were being sent and the associated risks. And as I haven't seen anything to show Mr B was told (or that he agreed) to mislead Revolut about the payment if questioned – such as by withholding details of T – then I think it's more likely that Mr B would've been open and honest if asked about the surrounding circumstances of it.

In turn, I think Mr B would've likely told Revolut that he was making the payments to invest in crypto on the direction of an investment firm, T, which he'd come across via a social media advert. And that, upon further questioning, he'd forwarded the crypto to T's trading platform and that they'd assisted him through the process with the use of remote-desktop software. Revolut ought reasonably to have identified Mr B was likely being scammed considering these 'red flags'. It follows that I would've expected Revolut, as the financial expert here, to have warned Mr B that it was likely he was being scammed – providing him with relevant crypto scam literature and advising him against making the payment.

I've no reason to think Mr B wouldn't have heeded the advice of Revolut – particularly as, prior to this payment, he'd told T: "...I'd like to take my money out, to prove I can and then will re deposit as I will feel a lot safer...you need to let me do what I want to gain my trust mate...If you don't then I will not trust". While T went on to gain Mr B's trust, I think this demonstrates that Mr B had some doubts about the investment opportunity and/or T. And so, I think an effectively tailored warning to Mr B on the likelihood of it being a scam – setting out the similarities between his situation and the common features of crypto investment scams – would've likely resonated with Mr B. It follows that I think, upon receiving such a warning from Revolut, Mr B wouldn't have made the payment or those that followed. I therefore consider Revolut failed to protect Mr B from the loss he suffered from the £4,990 on 18 October 2022.

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

In reaching my decision, I have taken into account that this payment was made to another financial business (a crypto provider) and that it was funded from another account at a regulated financial business held in Mr B's name and control (N).

But as I've set out in some detail above, I think that Revolut still should have recognised that Mr B was at a heightened risk of financial harm from fraud when he made the £4,990 payment, and they should have declined the payment and made further enquiries. If they had taken those steps, I am satisfied they would have prevented the loss Mr B suffered from that point onwards. The fact that the money used to fund the scam came from elsewhere and wasn't lost at the point it was transferred to Mr B's own account does not alter that fact and I think Revolut can fairly be held responsible for Mr B's 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 B has only complained against Revolut. 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 B could instead, or in addition, have sought to complain against those firms. But Mr B has not chosen to do that and ultimately, I cannot 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 a consumer'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 have set out above, I am satisfied that it would be fair to hold Revolut responsible for Mr B's loss from the 18 October 2022 £4,990 payment onwards (subject to a deduction for Mr B's own contribution which I will consider below). As I have explained, the potential for multi-stage scams, particularly those involving crypto, ought to have been well known to Revolut. And as a matter of good practice and as a step to comply with its regulatory requirements, I consider Revolut should have been on the look-out for payments presenting an additional scam risk including those involving multi-stage scams.

Furthermore, I'm aware that Revolut has referenced the CRM code and the PSR's reimbursement scheme for APP scams. But Revolut is not a signatory of the CRM code, and these payments wouldn't have been covered by it anyway. Nor would the payments be covered by the PSR's reimbursement scheme – as it wasn't in force when these payments were made, it isn't retrospective, and it doesn't cover card payments. I've therefore not sought to apply either here. I've explained in some detail why I think it's fair and reasonable that Revolut ought to have identified that Mr B may have been at risk of financial harm from fraud and the steps they should have taken before allowing the aforementioned payment to leave his account.

Should Mr B bear any responsibility for his losses?

Beyond Revolut's requirement to protect customers from the possibility of financial harm from fraud, there's also an expectation that customers protect themselves too. I've therefore thought about whether Mr B did enough to protect himself from this scam – and, if he didn't, whether this contributed to his loss. I appreciate Mr B unknowingly fell victim to what appears to be sophisticated scam and believed what T was telling him. But when considering Mr B's role in what happened, I think there were signs that Mr B had doubts about the investment and/or T's legitimacy and that he could've taken steps to protect himself from it. This includes:

- As I've already alluded to, Mr B showed he had some initial doubts about T and/or the investment opportunity as he said: "...I'd like to take my money out, to prove I can and then will re deposit as I will feel a lot safer...you need to let me do what I want to gain my trust mate...If you don't then I will not trust".*
- During the scam, Mr B told T: "Please don't be upset that I didn't invest more...Please please don't push me [scammer] at the moment. I don't have and*

don't want to invest anymore. If that means I'm too small a client for you I understand that also... "If you shout and demand more money you only raise my suspicions"

This, to me, suggests that Mr B felt heavily pressured by T to invest money that he wasn't comfortable with. And I think Mr B should reasonably have questioned the professionalism of T in light of such pressure - particularly being shouted at. But despite this, he proceeded to make payments to T.

- *While subsequent to the £4,990 transfer in question, Mr B went on to tell T: "I need to do some investigation into T for my comfort and should have done it before I started trading. My wife's cousin is marrying a very clever man who owns a hedge fund in the city of London. I am going to talk to him tomorrow."*

This shows Mr B himself acknowledges that he ought to have done greater checks into T before proceeding to invest. And that he had access to, what appears to be, an appropriately qualified person. Unfortunately, it seems Mr B chose not to do so (as he says he was reassured by T and loaned money from them to get him through a difficult trading moment).

- *Mr B had invested over £40,000 with T at the point of the £4,990 payment. This is despite the chat conversation between Mr B and T showing "...[he] started out wanting to play with £10//20k to grow a pot for school fees and now find all my savings gone and in the s**t."*

This shows Mr B had already invested far more than he intended, could reasonably afford or was comfortable with. And so, it would've been reasonable for him to have shown greater caution in the circumstances.

Considering the above, both individually and collectively, I think there was enough happening to have expected Mr B to have questioned the legitimacy of T and sought advice before going ahead – which he himself admits to T in his chat with them. And given he seemingly had access to a person that could've advised him on T (and the investment itself), I think it would've been reasonable for Mr B to have taken such steps here. And certainly before making the £4,990 payment on 18 October 2022. Further to this, given the clear pressure applied by T and Mr B's self-acceptance that he should've carried out checks on T, he could've also researched crypto investments online (including the potential risk that would include scams).

Had Mr B done so, and while I wouldn't necessarily expect a layperson to reasonably know to research a firm on the FCA's websites, he would've likely become aware that T weren't legitimate and were trying to scam him – as there were enough similarities with his situation and the common features of investment scams that he would've uncovered it online, or by obtaining advice from his wife's cousin.

Because of this, I think Mr B could've avoided falling victim to the scam had he taken some reasonable steps before proceeding with the investment opportunity. I therefore think Mr B is equally responsible for the loss he suffered. It follows that I think it would be fair and reasonable to make a 50% reduction in the award based on contributory negligence in the circumstances of this complaint.

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

Given the payments were made by debit card, the only option of recovery was via chargeback. But given the payments were made to a legitimate crypto provider, I don't consider that a chargeback would have had any prospect of success given there's no

dispute the crypto provider supplied crypto to Mr B.

Putting things right

I think it is fair that Revolut refund Mr B from the £4,990 payment on 18 October 2022 onwards (less 50% for contributory negligence). They should also add 8% simple interest to the payments to compensate Mr B for his loss of the use of money that he might otherwise have used.

My provisional decision

My provisional decision is that I uphold this complaint. I intend to direct Revolut Ltd to:

- *Refund £30,695 – that being 50% of the payments Mr B made from the £4,990 payment on 18 October 2022 onwards*

Pay 8% simple interest calculated from the date of each payment to the date of settlement - less any tax lawfully deductible.”

C confirmed Mr B's acceptance.

Revolut confirmed receipt but didn't add anything further for me to consider.

As both parties have had an opportunity to respond, I can proceed to make my final decision on this complaint.

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.

In the absence of any further points for my consideration, I see no reason to depart from the above. I therefore remain of the view that Revolut is responsible for the loss Mr B suffered from the £4,990 payment on 18 October 2022 onwards. And that it would be fair and reasonable to reduce the award by 50% due to contributory negligence on Mr B's part in these circumstances. It follows that I think Revolut should refund £30,695 to Mr B and pay 8% simple interest to recognise the loss of use of money he suffered.

My final decision

My final decision is that I uphold this complaint. I direct Revolut Ltd to:

- Refund £30,695 – that being 50% of the payments Mr B made from the £4,990 payment on 18 October 2022 onwards
- Pay 8% simple interest calculated from the date of each payment to the date of settlement - less any tax lawfully deductible

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 26 June 2025.

Daniel O'Dell
Ombudsman