

The complaint

Mr R complains that Revolut Ltd (Revolut) is refusing to refund him the amount he lost as the result of a scam.

Mr R has previously been represented by a third party. To keep things simple, I will refer to Mr R throughout my decision.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mr R found an advertisement online for a company I will call X offering investment opportunities in cryptocurrency.

Mr R was in touch with X and decided to invest, he opened an account with X using remote access software and was promised returns of around 30%. As part of the investment process Mr R was required to send funds into the investment using cryptocurrency.

Mr R was able to make small withdrawals from the investment which made it appear legitimate but when he tried to withdraw all his profits, he was asked to make more payments first and realised he had fallen victim to a scam.

What I can and can't look into in relation to this complaint

Our service can't consider all complaints that are referred to us. The rules under which we operate are set out in the Financial Conduct Authority's Handbook and are collectively known as the DISP rules. We can only consider complaints that fall within our jurisdiction, in line with these rules.

Particularly relevant to Mr R's complaint is DISP 2.2 which states:

"DISP 2.2: Which complaints can be dealt with under the Financial Ombudsman Service?

2.2.1 The scope of the Financial Ombudsman Service's two jurisdictions depends on:

(1) the type of activity to which the complaint relates..."

Those activities are then listed in DISP 2.3 (although I will not list all of them here). We can only consider complaints that relate to an act or omission by a financial business in carrying out one or more of the activities listed in DISP 2.3.

Cryptocurrency isn't electronic money or fiat currency according to the Financial Conduct Authority. Instead, it classifies cryptocurrency, and similar cryptocurrency-assets, as 'exchange tokens'. The operation of cryptocurrency services isn't currently regulated by the financial regulator in the UK.

There are no activities listed in DISP 2.3 which would cover the activity this part of Mr R's

complaint relates to – namely, withdrawing the cryptocurrency and sending it on to the scammer. And so, I don't think his complaint in relation to the cryptocurrency payments relates to an activity covered by us.

I am mindful that Mr R deposited fiat currency to his Revolut account and then exchanged this into the cryptocurrency which was withdrawn and ultimately lost to the scam. But the sending of the cryptocurrency was provided separately from the provision of Mr R's main e-money account. In the circumstances, I don't consider Revolut's provision of sending cryptocurrency services to be sufficiently closely linked to its provision of payment services to Mr R (through the provision of his e-money account) that it should be deemed ancillary to this. So, I'm satisfied that this service is unable to investigate the withdrawal of cryptocurrency here.

What I can look at, is whether Revolut should have intervened when the deposits into Mr R's account were made and when the funds were converted into crypto. I can also look at payments Mr R made directly to a cryptocurrency exchange.

Mr R made the following deposits to his Revolut account:

<u>Date</u>	<u>Amount</u>
22 May 2023	£10.00
19 July 2023	£500.00
19 July 2023	£1,000.00
21 July 2023	£2,000.00
24 July 2023	£756.30
25 July 2023	£2,000.00
26 July 2023	£2,000.00
28 July 2023	£1,565.00
30 July 2023	£4,500.00
30 July 2023	£1,000.00

Followed by the following exchanges into cryptocurrency:

<u>Date</u>	<u>Amount</u>
19 July 2023	£1,510.00
21 July 2023	£2,000.00
26 July 2023	£2,100.00
27 July 2023	£2,100.00
28 July 2023	£2,100.00
31 July 2023	£2,100.00

Mr R also made the following payments from his Revolut account directly to a cryptocurrency exchange:

<u>Payment</u>	<u>Date</u>	<u>Payee</u>	<u>Payment Method</u>	<u>Amount</u>
1	1 August 2023	Payward Ltd	Transfer	£3,185.00
2	2 August 2023	Payward Ltd	Transfer	£2,050.00
3	3 August 2023	Payward Ltd	Transfer	£4,500.00
4	16 August 2023	Payward Ltd	Transfer	£4,240.00
5	25 August 2023	Payward Ltd	Transfer	£3,225.00
6	6 September 2023	Payward Ltd	Transfer	£3,300.00

Our Investigator considered Mr R's complaint and didn't think it should be upheld. Mr R disagreed, so this complaint has been passed to me to decide.

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.

It has not been disputed that Mr R has fallen victim to a cruel scam. The evidence provided by both Mr R and Revolut Ltd sets out what happened. What is in dispute is whether Revolut should refund the money Mr R lost due to the scam.

Recovering the payments Mr R made

Mr R made payments from his Revolut account to another account held in his name and then having converted his funds to cryptocurrency moved the funds to X. The accounts Mr R moved the funds to were in his own name, so if any funds did remain in those accounts they would remain within his control.

With the above in mind, I don't think Revolut had any reasonable options available to it to recover the payments Mr R made.

Should Revolut have reasonably prevented the payments Mr R made?

It has been accepted that Mr R authorised the payments that were made from his account with Revolut, albeit on X's instruction. So, the starting point here is that Mr R is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether Revolut should have been aware of the scam and intervened when Mr R made the payments. And if it had intervened, would it have been able to prevent the scam taking place. I will look at each type of payment in turn.

Deposits

In general, I wouldn't expect Revolut to have concerns about deposits being made into a customer's account and interventions to take place Unless they had money-laundering concerns which it didn't have in on this occasion. So, I don't think it was unreasonable that Revolut didn't intervene when payments were made into Mr R's account.

Exchanges to cryptocurrency within the Revolut platform

These exchanges were made over several days and weren't individually for such a value I would expect Revolut to have cause for concern that Mr R might be falling victim to a scam. So, I don't think it was unreasonable that Revolut did not intervene when the exchanges were made.

Payments directly to a cryptocurrency exchange

When Mr R made the first payment direct to a cryptocurrency exchange I think Revolut should have had concerns and intervened. I say this because the value of the payment being sent was substantial, and Revolut would have known at the time the increased risk associated with this type of payment.

I think that a proportionate intervention would have been for Revolut to have provided a

warning to Mr R about the risks associated with cryptocurrency payments.

But Even if Revolut did intervene in the way I have suggested it should have I don't think it would have made a difference I will explain why.

Mr R was not honest about the reason he selected for the payments he was making in relation to the scam, although there was an option of "cryptocurrency" or "investment" Mr R chose other less accurate options.

When Mr R attempted to make payments related to the scam in July 2023 from another of his accounts held elsewhere, that bank did intervene several times and discussions between Mr R and that provider took place.

Mr R was advised several times that he was falling victim to a scam. When Mr R questioned this the other provider confirmed he was falling victim to a scam, yet Mr R remained unconvinced, and his account was blocked.

However, on 20 July 2023 Mr R confirmed to the other provider that he knew he was being scammed and had stopped speaking to the scammer.

Mr R made all the payments from his Revolut account direct to the cryptocurrency exchange after these conversations took place and he was explicitly told that he was falling victim to a scam, which he confirmed was the case.

So, I think Mr R was clearly determined to make the payments from his Revolut account despite the clear warnings he had received, and I don't think a warning like the one I have said should have been provided by Revolut (which is less prominent than the one Mr R had already received) would have dissuaded Mr R from making future payments and prevented the scam from continuing.

So, I don't think Revolut missed an opportunity to prevent the scam and it is not responsible for Mr R's loss.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 4 April 2025.

Terry Woodham
Ombudsman