

The complaint

Mr D complains that Revolut Ltd didn't do enough to protect him when he fell victim to a cryptocurrency investment scam.

What happened

In September 2022, Mr D fell victim to an investment scam after seeing an opportunity advertised on a popular video streaming website. He was involved in the scam for around seven months and during this time he lost over £1.2million. Mr D didn't receive any returns from the investment and discovered he'd been scammed when he was trying to raise additional funds to withdraw money and a friend became suspicious about the legitimacy of the venture.

Mr D complained to Revolut that it should've done more to protect him and his money. He shared his vulnerabilities with Revolut at this time as well as the circumstances of the scam. Revolut didn't uphold his complaint, as it said it had provided sufficient warnings and Mr D had authorised the payments.

Mr D came to our Service, but our Investigator also didn't uphold his complaint. They contacted the other financial institutions involved in the payment journey in this case, as well as reviewing Mr D's correspondence with the scammers in detail. Based on this information, they weren't persuaded Revolut would've been able to uncover the scam, even if it had done more to intervene when the payments were made.

Mr D disagreed and asked for an Ombudsman to review his complaint. His representative said that Revolut failed to follow FCA guidelines on how to treat vulnerable customers and provided detailed evidence regarding Mr D's health and personal situation. So the complaint has been passed to me for a decision.

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 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 September 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 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.

While I think Revolut ought to have recognised that Mr D was at heightened risk of financial harm from fraud when making these payments, I don't think any proportionate intervention by Revolut would have prevented Mr D's loss. I'll explain why.

Mr D has said that if Revolut had intervened at a much earlier point in the scam it could've unravelled the scam and prevented his later losses. But first, one of Mr D's bank does intervene at this stage when he makes his first payment to Revolut and Mr D misleads them about what he's doing. This is before the scam chat with the advisor even begins, so it seems even at this very early stage he trusts the opportunity enough to mislead his bank and so is already heavily under the spell of the scam. The scam chat then starts and very quickly the advisor gains Mr D's trust and he follows all her instructions.

And second, Revolut also presented Mr D with a warning on his first payment. It asked him the payment purpose when he made a £1,000 transaction and he selected "Investment", so it gave him a tailored warning to investment scams at that time. It highlighted that there were convincing, but fake investments advertised online. It also said that investments won't be arranged via social media and that genuine firms are registered with a regulator such as the FCA. Some of this warning applied to Mr D's situation and had he researched the company he says he was investing with; he'd have found an FCA warning indicating they were an unregulated firm and suggesting this was a scam.

Revolut and other parties involved in the payments intervene at various points over the months Mr D is involved in this scam. Very early in the scam, only a few days into sending payments the scammer advised Mr D to not reply to firms without them there. And Mr D said he wouldn't. The rest of the scam chat indicates they arranged calls and Mr D shared emails and screenshotted questions or messages he received from the firms involved in his transactions and allowed the scammer to guide and/or write responses entirely for him. I'm aware they used screensharing software too.

Considering the amounts involved in this case, I do think Revolut ought to have intervened more than it did. But all the evidence we hold indicates that Mr D would've misled Revolut, under the instructions of the scammer. I'm not persuaded that he would've given any answers that would've caused it concern or led it to uncover the scam. So, while I accept it ought to have done more, I don't agree that a proportionate, greater level of intervention could've uncovered the scam in this case.

Mr D made all the payments to this scam to cryptocurrency firms and then moved the money from there to the scammer's control. So I don't consider Revolut could've successfully recovered any of his funds, as all the money was used for the intended purpose and then lost to the scam.

Mr D's representative's have raised his vulnerability and in summary they believe that due to this, his complaint should be upheld. I fully accept Mr D was very vulnerable at the time he

became involved in this scam and that he continued to suffer both mental and physical health issues during the scam, as well as going through challenging and large life events. But this isn't reason alone to uphold a complaint – the FCA guidance referenced doesn't set out an automatic refund for vulnerable scam victims. And Revolut is not a signatory to the reimbursement model that does offer greater protection for vulnerable customers. Even if it was, the majority of Mr D's payments would not benefit from this code as they were made by card. I can only uphold Mr D's complaint if I find that a failing by Revolut is what caused his loss.

Revolut is expected to have systems and processes in place to enable vulnerable customers to disclose their needs. And it should be able to spot signs of vulnerability. So I have considered whether it failed to act on information Mr D disclosed or failed to spot indicators he was a vulnerable customer.

Mr D opened this account for the scam, so Revolut had no prior interactions with him. I can't see he disclosed any vulnerabilities at this time or during the period of the scam. As this was a new account, he didn't have an account history that indicated he was vulnerable or had previously been the victim of other scams. And I can't see how Revolut would've known he had been recently hospitalised. And as Mr D only uses the account for payments to this scam, there isn't a later point when *other* activity on his account might have indicated to Revolut the vulnerabilities he's now described to us.

I recognise that it is more common for vulnerable customer to falls victim to a scam like this. However, I've covered above why I don't think Revolut would've been able to identify Mr D was a scam victim at the time. And I've taken into account that many payments that look very similar to this one will be entirely genuine. Many people do genuinely invest in cryptocurrency, especially with Revolut.

When Revolut does intervene on payments and speaks to Mr D, he is clear and coherent in his chat. He is able to respond to the advisors well and the answers he gives to questions are logical. I can see from his scam chat that he does often cut and paste responses written by the scammer, but Revolut wouldn't have been aware of this. Unfortunately, the heavy coaching involved in this case means Revolut often wasn't truly interacting with Mr D. But I don't consider Revolut did anything wrong in how it did interact – so it wouldn't have been able to determine Mr D was using the scammer's responses as his own.

I don't dispute that it was Mr D's vulnerability that led him to fall victim to this scam in the way he did, and it was part of the reason he lost so much money. But I can also see from Mr D's scam chat that he is successfully engaging with a number of other qualified professionals to raise money for the scam, including solicitors, a financial advisor and an accountant – and from the chat I can't see any concerns were raised by them about his interactions until after payments from Revolut stopped. So this leads me to conclude that, while I accept Mr D was very vulnerable, it wasn't immediately apparent. And looking at the evidence available, I can't see Revolut missed an opportunity where it could have identified his vulnerability.

I am very sorry Mr D has been through such a difficult time and that he fell victim to such a sophisticated and devastating scam. But, while Revolut does have certain responsibilities when a customer is vulnerable, these must be applied to what Revolut knew – or ought to have been aware of – at the time. Revolut didn't fail to act on any vulnerability Mr D disclosed to it, as he didn't share he had any. And I can't see that it failed to act on other information which ought to have indicated to it he was vulnerable. So I don't consider there are grounds to uphold this complaint due to Mr D's vulnerabilities.

My final decision

For the reasons set out above, I don't uphold Mr D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 7 May 2025.

Amy Osborne
Ombudsman