

The complaint

Mr N complains that Revolut Ltd didn't do enough to protect him from the financial harm caused by an investment scam, or to help him recover the money once he'd reported the scam to it.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

In early 2023, Mr N came across an opportunity to invest with two companies I'll refer to as "S" and "C". He was satisfied the companies were legitimate because he found positive reviews on Trust Pilot and believed the websites looked genuine and professional.

He paid £250 to open trading accounts with both companies, and he opened an account with a cryptocurrency exchange company I'll refer to as "B". Between 22 February 2023 and 24 March 2023, he made 21 card payments to two cryptocurrency exchanges totalling £23,362. During the scam period he received four credits into the account from B and several payments were blocked by the limits set by Mr N on the app, or for insufficient funds.

He was able to make a small withdrawal at the beginning and within two weeks both platforms were showing a profit. But he began to suspect he'd been scammed when he tried to make a larger withdrawal from C, he was told he'd have to pay commission and release fees. He was also told by S that his trading account had a negative balance, and he needed to pay in additional funds. When eventually he tried to remove his funds from S, he was told they had sacked the broker and his trades had been illegal.

Mr N complained to Revolut with the assistance of a representative who said it should have questioned him about the payments and provided warnings and advice on additional due diligence, and had it done so it would have discovered he was being scammed. They said Revolut should have intervened because Mr N was making high value payments from a newly opened account, which was a known method associated with cryptocurrency scams.

But Revolut refused to refund any of the money. It said chargeback claims were raised on 29 December 2023, but the service the cryptocurrency exchange had to offer was effective, so there was no possibility of a valid claim.

Mr N wasn't satisfied and so he complained to this service with the assistance of his representative. They argued that cryptocurrency investments are known to be high risk and the payments were a significant change in the operation of the account, so Revolut should have asked Mr N questions about the payment, and had it done so, he'd have disclosed facts about the investment which would have raised red flags.

Responding to the complaint, Revolut said Mr N wasn't asked to provide a payment purpose for any of the payments and no warnings were displayed because they were 3DS approved and he was paying accounts in his own name. It said Mr N was adding funds from external accounts and then making card payments, which became established as part of the normal

account activity and was well within the declared purpose of the account. The activity was also in line with the way customer's normally use Revolut accounts.

Our investigator wasn't satisfied that Mr N had shown evidence of loss because he was unable to provide any statements from B. She explained it's for Mr N to prove that he suffered a financial loss to a scam, and that she wasn't satisfied he'd done that as there was no evidence as to the location of the funds, or if and where they were sent from B.

She further explained that even if he was able to show the funds were lost to the scam, she didn't think Revolut missed an opportunity to prevent that loss. She thought it should have intervened on 27 February 2023 and 14 March 2023, and that a proportionate response would have been for it to provide a written warning tailored to cryptocurrency investment scams describing the key features and hallmarks of cryptocurrency investment scam and directing him to carry out research. But she didn't think this would have made any difference because he'd already seen positive reviews on Trustpilot, and thought the websites looked legitimate. And he'd already received credits into his account from the investment. So, she didn't think he'd have had any concerns.

Mr N has asked for his complaint to be reviewed by an Ombudsman. Since our investigator issued their view, he's produced a statement from B, and his representative has made further comments. They've argued that since the account's creation on March 2021 the highest outgoing payment was £19.00 on 6 October 2021, and the highest incoming payment was £20.00 on 14 September 2021, so Revolut should have intervened on 22 February 2023 when he paid £1,740 to B because he was sending funds to a new high-risk payee and the cumulative total for the day was £2,900. And it was preceded by a declined payment.

The representative further commented that there was a short in app chat on 22 February 2023 when the payment for £1,730 was declined due to a spending limit on the account. Mr N confirmed he was attempting to trade with B, but Revolut failed to undertake any due diligence and simply guided him on how to increase the monthly spending limit.

The representative also argued that Revolut should have contacted Mr N to query the context of the transactions. They've argued that Mr N would have been open and honest about how he was contacted, and the returns promised to him. And with this information, Revolut should have warned him that the investment bore the hallmarks of a scam – including the fact that victims are often permitted to withdraw small sums prior to the transfer of larger sums. It should also have clearly directed him to carry out research and had it done so he wouldn't have proceeded with the transactions.

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.

Having done so, I've reached the same conclusion as our investigator. And for largely the same reasons. I'm sorry to hear that Mr N has been the victim of a cruel scam. I know he feels strongly about this complaint, and this will come as a disappointment to him, so I'll explain why.

I'm satisfied Mr N 'authorised' the payments for the purposes of the of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although he didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of his bank account, Mr N is presumed liable for the loss in the first instance.

Our investigator wasn't satisfied that Mr N had shown he'd lost money to a scam however, having initially stated that he didn't have access to his cryptocurrency account because it was set up by the scammer using AnyDesk, his representative has since submitted a statement.

Having considered the statement, I still have concerns as to whether Mr N has shown he lost money to a scam because not only is the production of the statement in contradiction with the explanation for why he didn't initially produce them, he has also failed to produce evidence of his communications with the scammer or anything to link him to S and C which might assist me to conclude he has lost money to a scam.

Mr N has explained that he had to change his phone number because the scammer was harassing him towards the end of the scam, and so he no longer has the WhatsApp messages. But while I accept this explanation is plausible, I don't need to make a finding on whether Mr N has lost money to a scam because I don't intend to uphold the complaint. I'll explain why.

Prevention

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 February 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;
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving and the different risks these can present to consumers, when deciding whether to intervene.

I've thought about whether Revolut could have done more to prevent the scam from occurring altogether. Buying cryptocurrency is a legitimate activity and from the evidence I've seen, the payments were made to a genuine cryptocurrency exchange company. However, Revolut ought to fairly and reasonably be alert to fraud and scams and these payments were part of a wider scam, so I need to consider whether it ought to have intervened to warn Mr N when he tried to make the payments. If there are unusual or suspicious payments on an account, I'd expect Revolut to intervene with a view to protecting Mr N from financial harm due to fraud.

The payments didn't flag as suspicious on Revolut's systems. I've considered the nature of the payments in the context of whether they were unusual or uncharacteristic of how Mr N normally ran his account and I accept the usage on the account in the period leading up to

the disputed payments was low and so the disputed payments were unusual. I also accept Revolut would have known he was making payments to a high-risk cryptocurrency merchant.

However, the first three payments were relatively low value and even considering the cumulative total of the two payments Mr N made on 22 February 2023, I don't think Revolut needed to intervene.

I agree with our investigator that Revolut ought reasonably to have been concerned when Mr N made the fourth payment on 27 February 2023 because it was a larger payment to a high-risk merchant. Mr N's representative has argued that it should have contacted him and questioned him about the payments, but we wouldn't have expected it to go that far, and I'm satisfied a proportionate response would have been for Revolut to have presented Mr N with a written warning that was tailored to cryptocurrency investment scams.

I've thought carefully about whether a specific warning covering off the key features of cryptocurrency investment scams would have likely prevented any further loss in this case. And on balance, I don't think it would have. Mr N hasn't shared anything concerning about the way in which he found the investments, nor has he shown any evidence to support that he was being assisted by a broker or account manager. To the contrary, he's explained that he was satisfied both websites seemed genuine and professional, and he'd seen positive reviews on Trust Pilot, which had reassured him the investment was genuine. So, I'm satisfied he'd done what he considered was reasonable due diligence and I think, on balance, had Revolut provided Mr N with an impactful warning that gave details about cryptocurrency investment scams and how he could protect himself from the risk of fraud, I don't believe it would have been impactful enough to have stopped him from making the payments.

The lack of WhatsApp messages means we don't have evidence that Mr N was coached, but, equally, there is no evidence that he had any existing doubts about the investment. And even if he had paused and looked more closely into the companies before proceeding, I don't think there was anything available online which would have confirmed them as scam companies, so I think he'd have proceeded with the payment.

So, while I accept Revolut missed an opportunity to intervene, I don't think it represented a missed opportunity to have stopped the scam and prevented Mr N's loss.

Recovery

I don't think there was a realistic prospect of a successful recovery because Mr N paid an account in his own name and moved the funds onwards from there.

Mr N's own testimony supports that he used cryptocurrency exchanges to facilitate the transfers. It's only possible to make a chargeback claim to the merchant that received the disputed payments. It's most likely that the cryptocurrency exchanges would have been able to evidence they'd done what was asked of them. That is, in exchange for Mr N's payments, they converted and sent an amount of cryptocurrency to the wallet address provided. So, any chargeback was destined fail, therefore I'm satisfied that Revolut's decision not to raise a chargeback request against either of the cryptocurrency exchange companies was fair.

Compensation

I haven't found any errors or delays to Revolut's investigation, so I don't think he is entitled to any compensation.

I'm sorry to hear Mr N has lost money and the effect this has had on him. But for the reasons I've explained, I don't think Revolut is to blame for this and so I can't fairly tell it to do anything further to resolve this complaint.

My final decision

For the reasons I've outlined above, 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 N to accept or reject my decision before 24 April 2025.

Carolyn Bonnell
Ombudsman