

The complaint

Mr P complains that Revolut Ltd won't refund payments he made as part of a scam.

What happened

Mr P fell victim to an investment scam. As part of the scam he was persuaded to open an account with Revolut. He moved money from an account he held with another financial business to Revolut and then onto a genuine cryptocurrency provider. I understand his money was then converted into cryptocurrency and sent to a fraudster.

Mr P sent the fraudsters around £14,000 over about six weeks. He complained to Revolut through a representative. It said that it hadn't made a mistake in processing the transactions as there was nothing to indicate that Mr P was at risk of financial harm from fraud.

The matter was referred to our service but one of our Investigators agreed with Revolut. They were satisfied that there was no reason for Revolut to be concerned or question the payments.

Mr P's representatives disagreed. They were of the view that the activity on Mr P's account was suspicious because it involved a known fraud pattern – a new account, a significant deposit of funds and payments being made to a cryptocurrency platform.

As no agreement could be reached, the case was passed to me for a final 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.

The starting point under the relevant regulations – the Payment Services Regulations 2017 – is that Mr P is responsible for payments he's authorised himself. But, taking into account the relevant rules and guidance and what I consider to have been good industry practice at the time, I think Revolut ought, fairly and reasonably, to have been on the lookout for unusual and out of character transactions that might indicate its customer was at risk of financial harm from fraud.

Where a firm like Revolut does have grounds to be concerned about a payment, I think it should reasonably take steps to warn its customer about the risk of proceeding. Whether a warning should be provided (and, if it should, the nature and extent of that warning) should be proportionate to the risk the payment presents and strike a balance between trying to protect customers and not unduly inconveniencing them. I must also take into account that applying significant friction to all payments would be very onerous and would likely be impractical for Revolut.

I've thought about what Revolut did know about Mr P when he came to make the first payment. That information was fairly limited. It knew his personal details, that he stated the reason for opening the account as 'spend or save money', that his account was new and that

he was paying a well-known and FCA authorised Electronic Money Institution linked to a cryptocurrency provider.

Revolut did not have a previous customer relationship with Mr P. It did not know his typical spending patterns. But that doesn't mean it wasn't in a position to recognise suspicious activity – only that the information it had on which to make that assessment was more limited.

Mr P's representatives argue that the activity Mr P carried out was, in and of itself, typical of fraud: the opening of a new account, the deposit of funds and the movement of those funds to a cryptocurrency provider. But I don't find it surprising that a customer would open a Revolut account and use it immediately for a specific purpose. And, as customers of Revolut have the ability to purchase and trade cryptocurrency through its application, it's likely that many customers will open Revolut accounts in order to purchase cryptocurrency. So, I don't find that this pattern of activity is necessarily indicative of fraud. And when considering whether a payment should trigger an intervention, at the time these payments were made, I think it was fair for Revolut to take into account a range of factors, not just that the payments were going to a cryptocurrency provider.

The first payment was for £4,000. Revolut says it provides a general warning when a payment is made to a new payee. The warning reads:

"Do you know and trust this payee? If you're unsure, don't pay them, as we may not be able to help you get your money back. Remember, fraudsters can impersonate others, and we will never ask you to make a payment."

While not specific to investment or cryptocurrency scams, the warning was not entirely irrelevant. It prompts the payer to consider how well they know and trust the payee and sets out the risk of funds not being recoverable. That said, assuming this warning was displayed as Revolut say it was, I recognise that such a general warning is unlikely to have had a significant impact on Mr P's decision making in the context of a sophisticated investment scam.

I can't see any reason for Revolut to be particularly concerned about Mr P's account when the first payment was being attempted. The reason he gave for opening the account appears to be broadly consistent with the activity he would go on to undertake. I've also thought about Mr P's age. While I accept that it put him into a group which is considered to be more likely to be vulnerable, again, I consider this to be just one of a number of factors that Revolut should fairly take into account when deciding whether a payment presents heightened risk. The amount of that first payment, though clearly not insignificant, doesn't strike me as so concerning that Revolut ought to have done more here – whether that be provide a more specific warning or have a human interaction with Mr P.

The second and third payments were significantly lower in value than the first – amounting to a little over £1,500. The fourth payment was for £5,000, but it happened over a month after the first payment. And, while I understand that scams of this nature can take place over several months – no clear fraud pattern had emerged – there was no significant increase in the number, amount or frequency of the payments. I'm afraid that's also the case for the penultimate payment of £3070. Although it took place around a week after the fourth payment, it was for a significantly lower amount. The final payment was for just over £200 and I can't see it would have been a cause for any concern.

Overall, while I understand this will be very disappointing for Mr P, I don't think the payments were sufficiently concerning for Revolut to intervene and question their purpose, or the surrounding circumstances, before they were allowed to proceed.

Finally, it's undisputed that the payments went to an account held in Mr P's name before being sent to the fraudsters, so I can't see that Revolut would have reasonably been able to recover the money lost.

My final decision

For the reasons I've explained, I do not 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 31 August 2023.

Rich Drury
Ombudsman