

The complaint

Mr C complains that Revolut Ltd won't refund the money he lost when he fell victim to an investment scam.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. The facts are not in dispute, so I'll focus on giving the reasons for my 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.

Having done so, I agree with the conclusions reached by the investigator for these reasons:

In line with the Payment Services Regulations 2017, Revolut is expected to execute authorised payment instructions without undue delay. It is agreed that Mr C authorised the payments he is disputing – so the starting position is that he, rather than Revolut, is liable for them.

However, there are circumstances when it might be appropriate for Revolut, as an electronic money institute (EMI), to identify a fraud risk and to therefore take additional steps before processing a payment. Such as when the payment is significantly unusual or uncharacteristic when compared to the normal use of the account.

I've considered whether Revolut should have intervened here. I'm conscious that, overall, Mr C lost a large amount to the scam. But looking at the individual scam payments, in amongst his account activity, I'm not persuaded Revolut ought to have realised he was at risk from fraud.

The payments were all made to the same, legitimate cryptocurrency merchant; Mr C had to purchase cryptocurrency to load to the scam trading platform. So over time, this merchant became a regular payee. The payments were also spread out, with gaps of days or weeks in between. There was only one occasion when more than one payment was sent in a day. But that only totalled £300, and Mr C had previously paid the merchant a few times before that, including for a higher amount.

As our investigator noted, the largest payment was just over £5,000. By that point, Mr C had paid the merchant six times prior over a period of around six weeks. Including payments of £1,000 and £3,000. Overall, I don't think this was such a significant escalation that Revolut had cause for concern. In many ways, the payments were in line with the previous account activity.

Nor do I think the £1,000 or £3,000 payments were enough to trigger a fraud intervention. Again, these were made of a sequence of spread-out payments to the same merchant – so didn't appear uncharacteristic. And I wouldn't expect Revolut to intervene just because a payment went to a cryptocurrency merchant, as Mr C's representative seems to be suggesting. The merchant wasn't the scammer, and the fraud loss didn't occur until the funds were transferred on. Additionally the first payment was for £100, which didn't appear particularly unusual in amongst Mr C's general spending.

Mr C's representative says Revolut failed to identify Mr C's vulnerabilities as English isn't his first language. But as above, I've found it didn't have cause to contact him about the payments. And I can also see he was generally able to communicate with Revolut via online chat. So this doesn't have a bearing on my opinion that Revolut isn't at fault for not identifying the scam at the time of the payments.

As the payments were made by card, they do fall under the within the chargeback scheme – which can offer some protection for payment disputes. But the scheme would only consider a dispute about the merchant paid directly. Mr C's dispute is not about the legitimate cryptocurrency merchant he paid, but the scammers he transferred the funds on to. So I don't think Revolut could have helped Mr C recover his loss either.

I appreciate Mr C has lost a lot of money to a cruel and sophisticated scam. But my role is to consider Revolut's part in this. And I'm not persuaded Mr C's loss was the result of an error by Revolut. So I'm not upholding this complaint.

My final decision

For the reasons given above, my final decision is that I do not uphold his complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 30 August 2023.

Rachel Loughlin
Ombudsman