

The complaint

Mr F complains that Revolut Ltd won't reimburse him the money he lost when he fell victim to a scam in 2021.

What happened

Mr F holds an account with Revolut. In December 2021, he explains he received a message through social media which didn't look to be intended for him. He responded and began a conversation with the sender. He was told about an investment opportunity in crypto mining with a company I will refer to as M.

Mr F already held a wallet with a crypto exchange which I'll refer to as B. Using his Revolut account Mr F had made payments to and received money back from B for a number of years. He was told he'd need to set up another crypto exchange wallet with C to enable his investment in M.

Mr F sent several payments over the course of a few days from his Revolut account to his wallet with B. Each of these payments was made as a Euro denominated SEPA transfer. Once received in his wallet at B, Mr F purchased cryptocurrency and sent it on to his wallet with C. From there, it went to M, and Mr F indicates that final step may have happened without his consent.

When Mr F later tried to withdraw funds from M, it initially told him a fee would apply. But then his account with M was blocked. While he'd previously received some funds back, this had been a very small sum relative to the overall amount he'd sent to M, and Mr F was therefore left significantly out of pocket. He realised he'd been scammed and reported the matter to Revolut (as well as B and C).

Revolut said it wasn't liable to reimburse Mr F. It had followed his instructions in sending the payments he'd asked it to make to his wallet with B. He'd authorised it to make those payments to B. It couldn't recover the money he'd lost because once it had arrived in his wallet with B Mr F had utilised the funds, purchasing cryptoassets.

Mr F didn't accept this and referred his complaint to this service for an impartial review.

Our Investigator looked into the complaint. She didn't think Revolut had treated Mr F unfairly. The Investigator noted that the payments Mr F had sent from Revolut had been to B which was a legitimate cryptocurrency exchange that Mr F had been using for some years before.

She said the amounts he'd sent weren't significantly different to the legitimate transfers he'd previously made to B. She didn't think the payments Mr F was making as a result of the scam stood out significantly enough from his normal transactions to the extent that she'd have expected Revolut to intervene or take additional steps to warn him. So she didn't find Revolut at fault and didn't require it to refund his losses.

As Mr F didn't accept our Investigator's view, the complaint has been passed to me to reach a final decision on his complaint.

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.

I'm sorry to hear about what happened to Mr F. Mr F was the victim of a crime here and he's has explained about the impact this has had on him. He was deceived by a scam that led him to believe he was investing his money and making significant profits. He's been left out of pocket by a significant sum as a result of this scam.

However, the main cause of these losses were the scammers who deceived Mr F. For me to say Revolut is liable in this type of situation, I would need to find that it could and should have acted to prevent the eventual loss, or that it failed to meet its obligations in some other way.

Under the relevant regulations, and in accordance with general banking terms and conditions, Revolut has a primary obligation to execute an authorised payment instruction without undue delay. As a consequence, the starting position is that liability for an authorised payment rests with the payer, even if they made that payment as the consequence of a fraud or scam - for example as part of an investment scam such as this was.

The relevant payment instruction here is that from Revolut to B. While Mr F explains that he did not have full control over the wallet held with C, that is not something Revolut could reasonably have had knowledge of at the time — Mr F hadn't spoken to Revolut about the payments he was making.

Based on the evidence provided, I am satisfied that Mr F authorised the payments he made from Revolut to B - albeit doing so believing he was investing in a scheme which later turned out to be fraudulent. In the first instance therefore, Mr F is liable for those transfers from Revolut.

However, I consider that as a matter of good industry practice Revolut should have been looking out for payments or payment patterns that were significantly out of character or unusual and that might therefore be indicative of the potential for financial detriment to its customer through fraud or a scam. So I've thought carefully about whether the available evidence demonstrates that Revolut did enough given the specific circumstances here.

Firstly, Mr F had previously made payments to B from his Revolut account which were not scam related and appear to have been entirely legitimate in nature. Mr F's Revolut statements show that between 2017 and the time of the scam, he'd made around fifteen such Euro denominated transfers from Revolut to B. The largest of these was for just over €17,000. This fell on a date he'd already made another transfer to B (and there were other occasions he'd made more than one payment to B in a single day). In all he appears to have made six legitimate transfers to B for sums of €10,000 or more, and he also received a number of credits back to his Revolut account from that source.

Taking everything into consideration, I find that the payments Mr F made from Revolut to B in connection with the scam (the largest being €15,000) do not look significantly different to his prior account usage. I don't think Revolut was at fault in not identifying these payments were other than legitimate transfers to Mr F's wallet with B.

In short, while I've carefully considered all of the points Mr F has made, I do not find there was enough here for me to say that Revolut needed to intervene rather than fulfil its primary obligation to carry out Mr F's instructions. It had no sufficient grounds to do otherwise. So I can't fairly hold it liable here, I do not find it at fault in making the payments in line with Mr F's requests at the time.

Lastly, I am satisfied that Revolut could not have recovered the money Mr F had transferred to B. When he'd sent funds to B he'd used that to purchase cryptoassets, sending those on to his wallet with C, from where they had gone to M. As part of that process, no funds remained for Revolut to recover.

In saying all of the above, I want to stress that I am very sorry to hear about what happened to Mr F and I am sorry he has lost out. He was the victim of a crime and a cruel scam carefully designed to defraud him of his money. I appreciate that what he's lost here is a significant sum. But it is simply the case that I don't find Revolut was at fault in making these payments in line with the instructions he gave the bank at the time, and I don't find the bank liable to refund him for any other reason.

My final decision

For the reasons given above, I do not uphold Mr F's complaint about Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 12 September 2023.

Stephen Dickie
Ombudsman