

## **The complaint**

Mr P complains that Revolut Ltd (“Revolut”) have failed to refund over £43,000 he lost to an investment scam.

The details of this complaint are well known to both parties, so I won’t repeat everything again here. Instead, I will 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 and have decided to uphold it for the following reasons.

- First, it isn’t in dispute that Mr P has been scammed here, nor that he authorised the payments he made to his crypto wallet using his Revolut debit card (where the funds were subsequently transferred on to the scammer). The payments were requested by him using his legitimate security credentials provided by Revolut, and the starting position is that a business ought to follow the instructions given by its customers in order for legitimate payments to be made as instructed.
- However, I’ve considered whether Revolut should have done more to prevent Mr P from falling victim to the scam, as there are some situations in which an E-money institution should reasonably have had a closer look at the circumstances surrounding a particular transfer. For example, if it was particularly out of character.
- In this instance, Mr P’s account was opened in November 2020, and then had limited usage prior to the scam in November 2022. And I appreciate that £5,000 was the largest payment he had made since he originally purchased cryptocurrency back in November 2020 when the account had been opened. But the value of a payment is only one factor Revolut would have to consider in its determination of what would be considered unusual account activity.
- Prior to the payment of £3,7320.02 being made on 8 November 2022, I’m not persuaded there were enough risk factors associated with the first six payments before this to indicate that Mr P might have been at risk of being scammed. The stated purpose of him opening the account was to gain exposure to financial assets, for example, so the payments he was making to a crypto provider would not have seemed overly unusual or out of character for someone who had originally opened an account for investment purposes. I accept that Revolut could have arguably provided a written warning that broadly covered scam risks when he first started making payments of around £5,000. But I’m not persuaded that any general written scam warnings alone would have been enough to prevent the scam based on what Mr P has said about believing the investment to be genuine.
- However, by the time Mr P came to make the £3,7320.02 payment on the

8 November 2022, it then established a concerning pattern. It then became a series of lower value payments (ranging from £1,000 to £5,000) being made to the same payee (Binance) in quick succession, with seven such payments being made on the same day. Even for a customer that had opened an account for the purposes of investing, this ought to have flagged as a potential fraud risk that would require more than a written warning, meaning that Revolut ought to have intervened and spoken to Mr P directly at that point.

- If Revolut had contacted Mr P and asked him further questions and for more of the basic surrounding context, I think it's likely he would have explained what he was doing. It would have likely established that he was making an investment off the back of an advertisement he saw on Facebook, where he was being told to send cryptocurrency to a third-party broker – all of which are typical features of these sorts of investment scams. Revolut could have asked Mr P to carry out further checks, including searching the FCA register, where he would have discovered that the broker was not regulated, despite it purporting to carry out regulated activities in the UK.
- Overall, I'm satisfied that a warning to Mr P from Revolut would have probably led him to discover the scam warnings online and exposed the broker's false pretenses. So, but for Revolut's failure to act on clear triggers of potential fraud or financial harm, Mr P probably wouldn't have lost any more money. As a result, I will be directing Revolut to refund the money Mr P lost from the £3,7320.02 payment on 8 November 2022 onwards.
- Despite regulatory safeguards, there is a general principle that consumers must still take responsibility for their decisions (see s.1C(d) of our enabling statute, the Financial Services and Markets Act 2000). In this instance, Mr P said he carried out research on the broker, but could only find positive reviews. But having carried out a search online, I can see there were also negative reviews about Pro Investments from as early as June 2022 stating it was a scam. So, if Mr P had seen positive reviews, there's no reason he wouldn't have seen the warnings as well. Also, I note that Mr P was an experienced investor who had dealt in stocks and shares in the past, and had also traded in cryptocurrency before. As such, he ought reasonably to have known to check sources such as the FCA register to check the broker was in fact regulated. Overall, for someone of his experience, I'm not persuaded that Mr P carried out enough due diligence to satisfy himself that everything was legitimate. So, I consider it would be fair and reasonable for him to share responsibility for his loss, and I'm satisfied a reduction of 50% would be reasonable in these circumstances.

### **My final decision**

For the reasons given above, I uphold this complaint and direct Revolut Ltd to:

- Refund the money Mr P lost to the scam from the £3,7320.02 payment on 8 November 2022 onwards, less a 50% deduction in recognition of Mr P's own contributory negligence.
- Pay 8% simple interest per year on this amount from the date of loss until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 21 August 2023.

Jack Ferris  
**Ombudsman**