

The complaint

Mr B complains that Revolut Ltd (“Revolut”) won’t refund over £71,000 he lost to an investment scam.

What happened

The details of this complaint are well known to both parties, so I won’t repeat everything again here. In brief, Mr B saw an advert for an investment company that I will call B on a social media website.

Mr B made contact with B who persuaded him to make over 40 payments between February 2022 and May 2023, totalling over £72,000, firstly to crypto exchange accounts in his name, and then to transfer the crypto currencies on to B.

Mr B was initially presented with information that made it seem that he was making “profits” on B. But when he was unable to withdraw his funds, Mr B eventually realised that he’d been scammed.

Mr B complained, via a representative, to Revolut and requested that he be refunded the payments that he made as he believed that had he been warned by Revolut during the scam, the scam would have been prevented. Revolut declined to do this.

Our investigator assessed the complaint but did not find in Mr B’s favour. She thought that Revolut ought to have questioned Mr B about the payment of £2,638.50 that he had made on 27 February 2022 and provided him with a scam warning. However, the investigator thought that, had that happened, Mr B would have carried on with his transactions anyway. as there were no negative reviews about B and he’d been convinced that he was making profits on his ‘investments’.

Mr B disagreed with the investigator’s assessment and therefore this complaint was passed to me to issue a 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.

It isn’t in dispute that Mr B has fallen victim to a scam here, nor that he authorised the disputed payments he made to the scammer. The payments were requested by him using his legitimate security credentials provided by Revolut, and the starting position is that Electronic Money institutes (EMI’s”) ought to follow the instructions given by their customers, in order for legitimate payments to be made as instructed.

However, I've considered whether Revolut should have done more to prevent Mr B from falling victim to the scam, as there are some situations in which it should reasonably have had a closer look at the circumstances surrounding a particular transaction. For example, if it was particularly out of character for that account holder. I also note that Revolut does have the provision in its terms and conditions to stop payments if it believes they are fraudulent.

In this instance I can see that the account was new. Therefore Revolut did not have a payment history to compare on Mr B's account to know what typical account usage looked like or to know what transactions were out of character for Mr B. That said, the payment of £2,638.50 that he had made on 27 February 2022 was enough in my view to have prompted an intervention from Revolut as there had been multiple payments that day to the same crypto provider.

Therefore, I'm satisfied that Revolut should have intervened to ask further questions about the payment in question.

I would expect Revolut to have intervened and asked Mr B who the payment was for, what it was for, and for the context surrounding the payment. It could, for example, have asked how he had been contacted, whether he'd parted with personal details in order to open a trading account, whether he was being helped by any third parties e.g. a broker, and how he had come across the investment - in this case via an advert.

I have no reason to believe Mr B wouldn't have been open with Revolut. And had they asked probing questions, I think they would have found out that he was making a payment for a crypto investment firm that he had found online.

But from what I can see there were no credible warnings online for B. Mr B had not used remote access software and he had made small withdrawals from B. So I don't think that it would have been obvious to Revolut, had it intervened, that Mr B was being scammed. So I think that Revolut would have given Mr B a general warning about crypto scams and encouraged him to do some more research.

My understanding is that Mr B had done some research on B prior to the scam. Also from Mr B's complaint call with the other firm that he complained about, Mr B seems convinced, at least at the time, that his loss was caused due to malicious trades that took place on his trading account, rather than his entire trading history being a simulation. This suggests that up until the final "trades" he was convinced that B were a legitimate trading company. So due to this and due to there being no credible warnings online about B at the time, I don't think that such a warning from Revolut would have altered Mr B's decision to carry on with the transactions in question.

So overall I think that Revolut should have intervened more than it did, but I don't think that this would have stopped the scam.

Recovery

In relation to recovering the funds, I don't think that Revolut could have recovered the debit card payments. The main way to recover the payments would be to attempt a chargeback. But I don't consider Revolut ought to have attempted a chargeback claim, as Mr B made payments to purchase crypto currencies and he seems to have received this. So he got what he paid for. It is unfortunately the case that the loss only occurred when Mr B transferred the Cryptocurrencies that he'd purchased onto B.

I appreciate this will come as a disappointment to Mr B, and I'm sorry to hear he has been the victim of a cruel scam. However, I'm not persuaded that Revolut can fairly or reasonably be held liable for his loss in these circumstances.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 16 April 2024.

Charlie Newton
Ombudsman