

## **The complaint**

Mr H complains that Revolut Ltd won't refund money he lost to a scam.

## **What happened**

Mr H fell victim to an investment scam. He searched online for an investment opportunity and was contacted by someone claiming to be from an investment platform which could help him make money. He wasn't sure whether he'd left his details with that particular platform and suspects they might have purchased his data.

Mr H was initially sceptical, but the investment platform gave him a 'free' £25 in order to trade with. These trades appeared to be successful and, on 11 August 2022, Mr H made his first payment of £200 to the platform. He made the payment to his own account at a genuine cryptocurrency provider before purchasing cryptocurrency and transferring it to the fraudster. It appears that he also introduced his wife and a friend to the scheme. He made a number of payments to the platform culminating in a payment of £5,000.

In late August 2022, Mr H watched a video about cryptocurrency scams. The video described circumstances which closely matched his own. Now suspicious, he tried to withdraw his investment, but was met with excuses before being told that the value of the investment had plummeted.

Mr H reported to Revolut that he'd been the victim of a scam. It declined his claim. He referred the matter to our service. One of our Investigators upheld the complaint in part. They thought that Revolut should have been alerted to the potential scam risk when Mr H made the final payment of £5,000. The Investigator said that Revolut should have intervened to question this payment and, had it done so, the scam would have come to light and the loss would have been prevented. However, they also thought that Mr H should bear some responsibility for the loss. Mr H said that he'd checked a well-known review website before going ahead but our Investigator could see that only one negative review existed at that time.

Revolut accepted our Investigator's view, but Mr H did not. In summary he argued:

- The fraudulent investment company operated professionally and it would have been difficult for anyone to realise they weren't legitimate
- The negative review did not confirm that the fraudulent investment company was a scam. The reviewer did not lose money.
- The call from the fraudulent investment company was not entirely unexpected as he had left his details with several different companies.
- The fact Mr H was able to withdraw a small sum from the scheme provided significant reassurance to him.
- He recognises the risk of cryptocurrency but points out that many legitimate cryptocurrency platforms are unregulated.
- The Investigator was putting too high a standard on him. He wasn't in a position to recognise the concerning aspects of the scam that the Investigator highlighted.

- He did question the fraudsters, but they seemed to have an answer for everything.
- A 50/50 split was not fair, given the asymmetry of the relationship between him and Revolut.

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 is that Mr H is responsible for payments he's authorised himself. But taking into account regulators' rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time these payments were made, I think Revolut ought, fairly and reasonably, to have been on the lookout for out of character and unusual transactions and other indications that its customer might be at risk of financial harm from fraud.

Revolut has accepted the Investigator's opinion and Mr H has made no further representations about the transactions prior to the £5,000 payment. For the avoidance of doubt, I don't think Revolut should have considered the earlier transactions to be suspicious. The highest value payment was £330, the three payments were spread out over a week and there wasn't anything obviously concerning about them.

It isn't necessary for me to consider whether Revolut should have intervened on the £5,000 payment and whether such an intervention would have prevented Mr H's loss. Revolut appears to accept this. So, I'm only left to decide whether Revolut should refund all, or part, of the £5,000 payment.

I accept Mr H was not an experienced investor and appears to have known little about cryptocurrency. He was a layman and I don't wish to hold him to an unreasonable standard. I'm also conscious that Mr H seems to have had some awareness that cryptocurrency is not generally regulated and, as such, might not have expected the platform he used to be regulated.

But, while the contact Mr H received may not have been entirely unsolicited, it's not clear that he was expecting to hear from that specific investment company. He appears to have been sceptical of their persistent approaches and initially declined the opportunity. I would expect Mr H to carry out some due diligence, particularly in light of that apparent scepticism and the nature of the contact. He says he did carry out due diligence by checking a well-known review website before going ahead. As has already been discussed, at that time there was a single negative review of the investment company. While true that the reviewer hadn't lost money themselves, they provided a clear and stark warning that the investment company was unlikely to be legitimate. And, I haven't been able to find any independent reviews of the investment company that suggests they were legitimate. So, if Mr H did carry out any due diligence on the firm I can't see that he would have found any information that reassured him about their legitimacy.

I understand that he sought (and received) reassurances from the fraudsters. I accept they were likely to have been professional in manner and that being able to apparently trade risk free and even withdraw a small sum would have been persuasive for Mr H. But, I'm afraid, I don't think Mr H, based on information publicly available and his own initial reluctance, should have engaged with the fraudsters at all.

So, I think Mr H should share some responsibility for what happened and, taking all of the above into account, I think the offer Revolut has made to settle this complaint is a fair one.

In relation to recovery of the funds, as the money was transferred to Mr H's account at a genuine cryptocurrency exchange before being sent to the fraudsters, there wasn't any realistic prospect of recovering Mr H's money.

Finally, I make no award of interest because I understand that the money came from Mr H's business as a director's loan and will be repaid to it. I've seen nothing to suggest that the director's loan was interest bearing.

### **My final decision**

I uphold in part this complaint and instruct Revolut Ltd to pay Mr H:

- 50% of the £5,000 payment - £2,500

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 6 October 2023.

Rich Drury  
**Ombudsman**