

The complaint

Mr F complains that Revolut Ltd (“Revolut”) won’t refund over £250,000 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 F saw an advert for an investment company that I will call B.

Mr F made contact with B who persuaded him to make over 40 payments between September 2022 and March 2023, totalling over £250,000. The payments were first made to crypto exchange accounts in his name, and once the money had been converted into cryptocurrency, that was then transferred on to B.

Mr F was provided with information by B which initially made it appear that he was making profits on his “Investments” with B. But when he was unable to withdraw his funds, Mr F eventually realised that he had been scammed.

Mr F 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 did not uphold this complaint. She thought that Revolut ought to have questioned Mr F about the second payment that he had made and provided him with a scam warning. However, the investigator thought that, even if that had happened, she thought it was likely that Mr F would still have carried on with his transactions anyway, as there were no negative reviews about B.

Mr F disagreed and therefore this complaint was passed to me to issue a decision. This decision is only looking at the payments made until 6 March 2023. I am not commenting on more recent payments.

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 F 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 F 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 a new account and therefore Revolut did not have a payment history to compare on Mr F's account. That said, I can see that the reason that Mr F gave for opening the account was holiday spending. Overall, I think it is debatable as to whether Revolut should have intervened and provided a warning during the first few transactions. However, transaction 5 which was for £20,000 on 23 September 2022 was enough in my view to have prompted an intervention from Revolut.

I think by September 2022 Revolut should really have been aware of the dangers of crypto scams and given the pattern of payments before and the size of this transaction, I'm satisfied this payment ought reasonably to have been considered as unusual and triggered an intervention by Revolut. I think that Revolut should also have been aware that multiple payments in quick succession to a crypto exchange should really have alerted Revolut that something unusual was going on.

Revolut is aware of the typical patterns of scams like this – that customers often move money onto a crypto exchange account in their own name, before moving it on again to scammers; and that scams like this commonly take place with multiple payments. So I think Revolut should really have intervened on the third payment on 23 September 2022 to question what the payments were for.

I would expect Revolut to have intervened and asked Mr F who the payment was for, what it was for, and for the context surrounding it. So I need to decide what would have happened had this occurred.

We do not have the chats between B and Mr F, so I am unsure of whether Mr F was being coached on what to say by the scammer. That said, I can see that Mr F applied for a number of loans to fund the scam. My understanding is that it is unlikely that Mr F was forthcoming with these lenders about why he wanted the loans, as typically lenders will not lend for crypto investments. So, as Mr F was likely not truthful with the lenders during the scam, I have doubts, albeit on balance, as to whether he would have been forthcoming with Revolut, had it intervened during the scam. So I don't think an intervention would've uncovered the scam.

Moreover, had Revolut intervened and provided a general scam warning, I don't think that Mr F would have stopped the transactions in question. I say this because there were no credible warnings about B. Moreover, Mr F, despite now being aware of the risks of sending crypto to third parties, appears from his recent bank statements to have been scammed again. So, I think overall, given how clearly desperate Mr F was to withdraw his money, I don't think a general warning would have stopped him.

So overall, whilst I think that Revolut should have intervened during the scam, I don't think it's likely that this would have prevented Mr F from carrying on with the transactions in question.

I appreciate this will come as a disappointment to Mr F, 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 F to accept or reject my decision before 5 April 2024.

Charlie Newton
Ombudsman