

The complaint

Ms E complains that Revolut Ltd (“Revolut”) won’t refund over £300,000 she lost to a cryptocurrency investment scam.

What happened

Ms E fell victim to an investment scam in July 2022 after meeting someone on social media (“S”) who messaged her after they’d both watched an online presentation about cryptocurrency. Ms E spoke to S for about 3-4 weeks about cryptocurrency, where he eventually suggested that she should consider investing in ‘Sophie Capital’ (“the scammer”). She was contacted by the broker and they encouraged her to invest.

Ms E was instructed to make payments to her Binance wallet, where she would then transfer her cryptocurrency on to a trading platform. Over the course of two months, she made around 35 payments from her Revolut account to her Binance wallet totalling £301,800.

Ms E was able to make a large withdrawal of \$12,000 a few days after she started investing, which she said gave her confidence that everything was legitimate. She said she then paid this amount back into the scam investment. Ms E later realised she had been scammed when she wanted to make another withdrawal and was told she would need to pay a number of additional fees and the scammer stopped engaging with her.

Ms E reported the fraud to Revolut, but it said it wouldn’t refund the money she’d lost. Revolut said it had intervened in response to unusual activity both on 17 and 19 August 2022, where it said it provided a warning. However, it said Ms E approved the transaction despite the warning it gave, so it didn’t consider it was liable for her loss. Unhappy with this, Ms E referred the matter to our service.

Our investigator didn’t uphold Ms E’s complaint. He thought that Revolut could have gone further in its questioning of Ms E about the payments and given a better warning. But he didn’t think this would have ultimately prevented the scam. Ms E disagreed, so the matter has been escalated to me to determine.

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 not to uphold it. I’ll explain why.

It isn’t in dispute that Ms E authorised the disputed payments she made to her Binance wallet from her Revolut account (where her funds were subsequently transferred on to the scammers from her crypto wallet). The debit card payments and bank transfers were requested using her legitimate security credentials provided by Revolut, and the starting position is that firms 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 Ms E from falling victim to the scam, as there are some situations in which a firm should reasonably have had a closer look at the circumstances surrounding a particular transfer. For example, if it was particularly unusual or out of character.

Revolut said that Ms E's account activity did flag as unusual, so this isn't disputed. Accordingly, it's just a question of whether Revolut went far enough in all the circumstances with its intervention.

Revolut said it contacted Ms E on 17 August 2022 as her account activity had flagged as unusual. However, this was only in relation to a request asking her to prove the source of funds being paid into the account; it did not provide any specific warning in relation to investment scams, so I don't think its intervention was sufficient here. It also said it provided a general scam warning before the first bank transfer Ms E made on 19 August 2022. However, I can't see that this provided any information highlighting the common features of investment scams, so I don't think this went far enough either. Ms E also spoke to an agent at Revolut through her in-app chat that day, where she explained that she was buying cryptocurrency from Binance. However, the agent failed to probe any further.

Given the potential risk for financial harm in these circumstances in light of the value and frequency of payments being made, I think Revolut ought reasonably to have questioned Ms E further about the payments through its in-app chat in order to further narrow down the nature of the payment so it could provide a more specific warning about investment scams. However, even if it had gone further with its intervention at any point during the scam, I'm not persuaded it would have likely prevented Ms E's loss.

I say this because Ms E says she researched the scammer and only found positive reviews at the time, which she says gave her confidence, as independent websites had given positive testimonials. She also researched the investment platform she was using and found many positive reviews about that as well. Ms E said that S was also investing through her account. She said she had no reason to doubt him, and that this further gave her confidence that the investment was legitimate as he was also willing to invest.

So, if Revolut had given Ms E a specific warning about investment scams and told her to carry out further research, I'm not persuaded this would have been likely to yield any results that would have led her to believe she was being scammed. Indeed, my own research has not found any adverse information about the broker at the time she was investing.

Ms E has also said she was able to withdraw \$12,000 back to her Revolut account on 26 July 2022, which was very early on in the scam. Large withdrawals such as this are typically uncommon in cryptocurrency scams (where scammers normally only allow smaller withdrawals to make the investment seem legitimate). Ms E said the process was very straightforward and the money was quickly received back into her account. This would have given her reassurance that she would be able to make large withdrawals when needed, so she would've had little cause for concern that she wouldn't be able to access her money later down the line if she'd been warned about this.

I'm also mindful that Revolut is not a bank, and that it carries out the vast majority of its customer interactions through its app, including its in-app chat feature. It does not routinely call its customers. And although it may have the ability to do so, I wouldn't have expected it to call Ms E when this is not its normal method of communication. So, any warning and advice she could've received from Revolut would have taken the form of a written warning – either while setting up a payment, or through its in-app chat. And taking all of these factors into consideration, particularly the lack of adverse information about the scammer at the time, I'm not persuaded a written warning would have been enough to break the spell Ms E

was under, and neither do I think it would've likely led her to discover that she was being scammed in these circumstances. So, I don't think it's acted unfairly by failing to refund the money she lost.

I've also considered whether Revolut did enough to try and recover the money after the fraud was reported. In terms of the faster payments, I can see that Revolut reached out to the receiving bank to see if it could recall any of the funds after the fraud had been reported. However, it was unfortunately told that no funds remained, which isn't surprising given we know the money was swiftly transferred on to the scammer from Ms E's Binance account. And in terms of the debit card payments, a chargeback claim would not have been likely to succeed given Ms E would have received the asset she paid for (i.e. the cryptocurrency). So, I don't think there was anything more Revolut could have done to recover the money in these circumstances either.

I appreciate this will likely come as a disappointment to Ms E, and I'm sorry to hear she has been the victim of a cruel scam. However, in the circumstances, I do not consider it would be fair and reasonable to hold Revolut liable for her loss.

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 Ms E to accept or reject my decision before 27 December 2023.

Jack Ferris
Ombudsman