

The complaint

Mr G complains that Revolut Ltd didn't do enough to protect him from the financial harm caused by investment scam, or to help him recover the money once he'd reported the scam.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr G saw positive online reviews for an investment company I'll refer to as "G". He was told to first purchase cryptocurrency through a cryptocurrency exchange company and then load the cryptocurrency onto an online wallet. Between 29 November 2021 and 11 December 2021, he made six payments totalling £13,492 using a debit card connected to his Revolut account.

Between 27 December 2021 and 12 April 2023, he made a further nine card payments totalling £6911.61 to an investment company I'll refer to as "A", again purchasing cryptocurrency through a cryptocurrency exchange company before loading it onto an online wallet.

Mr G complained to Revolut on 10 May 2023, having learned that G had been exploited and his funds had been lost from the platform. He explained he'd seen numerous positive reviews and discussions on social media, and the investment was advertised as having a good rate of return. He said he wouldn't have gone ahead if he'd known about the risks, and he didn't initially report the loss because he thought it was his fault for making an uninformed decision. He later realised Revolut should have implemented better monitoring procedures to identify risky transactions, and provided assistance and information regarding the potential risks, which would have impacted his decision.

Revolut said the transactions were all authorised transactions to a genuine cryptocurrency exchange company and it had no control over the fact G was exploited. It said a chargeback request wouldn't have been successful because the payments were to an account held in Mr G's name and the cryptocurrency exchange which would've been able to evidence it had provided the goods/services they described. It also said it had followed Mr G's instructions and processed the payments he requested.

Mr G wasn't satisfied and so he complained to this service. In addition to the payments he made to G, he also complained about the payments he made to A, and Revolut said it was happy for those transactions to be considered as part of this complaint.

Revolut also said it didn't accept Mr G had lost money to a scam because G was a legitimate company and he lost money is because that company was hacked, not because he was defrauded.

Our investigator didn't think the complaint should be upheld. He said Mr G had authorised the transactions and was therefore presumed liable for the loss in the first instance. He explained Revolut did have a duty to protect its customers, but this didn't extend to

protecting them against the risk of bad bargains or investment advice, and he didn't think Mr G had shown he was the victim of fraud.

He explained he'd searched the Investor Alerts Portal of the International Organization of Securities Commissions ("IOSCO") and the Financial Conduct Authority ("FCA") and neither G or A had any adverse information reported about them. And his own research didn't result in any compelling information to show they were fraudulent. He also looked at other third-party evidence, to determine whether G or A could reasonably be regarded as fraudulently seeking gains at the expense of others and concluded there was no credible evidence that either was operating a scam.

Overall, our investigator concluded Mr G wasn't engaged in illegal activity and there was no evidence he wasn't of sound mind or incapable of making investment decisions, so while Revolut did have a duty to guard against the risk of fraud and scams, he had paid a legitimate merchant and Revolut hadn't acted unfairly or unreasonably in failing to intervene before letting the payments go.

Mr G has asked for the complaint to be reviewed by an Ombudsman. He maintains Revolut should have flagged the transactions considering they totalled £13,500 in four days, which was unusual considering the largest payment in the months before was £170.

He maintains G and A were advertised as trustworthy platforms yet the loss of the funds by hacking meets the definition of an 'exit scam'. He believes Revolut had a responsibility to flag high-risk and out-of-character transactions. And given the transfers were unlike the usual spending on the account, it should have intervened to question him about the circumstances of the 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.

Having done so, I've reached the same conclusion as our investigator. I know Mr G feels strongly about this complaint, and this will come as a disappointment to him, so I'll explain why.

I've thought about whether Revolut could have done more to recover Mr G's payments when he reported the scam to it. Chargeback is a voluntary scheme run by Visa whereby it will ultimately arbitrate on a dispute between the merchant and customer if it cannot be resolved between them after two 'presentments'. Such arbitration is subject to the rules of the scheme — so there are limited grounds on which a chargeback can succeed. Our role in such cases is not to second-guess Visa's arbitration decision or scheme rules, but to determine whether the regulated card issuer (i.e. Revolut) acted fairly and reasonably when presenting (or choosing not to present) a chargeback on behalf of its cardholder (Mr G).

Ms G's own testimony supports that she used cryptocurrency exchanges to facilitate the transfers. It's only possible to make a chargeback claim to the merchant that received the disputed payments. It's most likely that the cryptocurrency exchanges would have been able to evidence they'd done what was asked of them. That is, in exchange for Mr G's payments, they converted and sent an amount of cryptocurrency to the wallet address provided. So, any chargeback was destined to fail, therefore I'm satisfied that Revolut's decision not to raise a chargeback request against either of the cryptocurrency exchange companies was fair.

I'm satisfied Mr G 'authorised' the payments for the purposes of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although he didn't intend the

money to go to scammers, under the Regulations, and under the terms and conditions of his bank account, he is presumed liable for the loss in the first instance.

Not every complaint referred to us and categorised as an investment scam is in fact a scam. Some cases simply involve high-risk unregulated investments that resulted in disappointing returns or losses. Some of these investments may have been promoted using sales methods that were arguably unethical and/or misleading. However, while customers who lost out may understandably regard such acts or omissions as fraudulent, they do not necessarily meet the high legal threshold or burden of proof for fraud, i.e. dishonestly making a false representation and/or failing to disclose information with the intention of making a gain for himself or of causing loss to another or exposing another to the risk of loss (Fraud Act 2006).

I've considered the available evidence, and, on balance, I'm satisfied G and A were legitimate companies. There are no regulatory warnings on either the FCA or IOSCO websites, and there are no negative reviews online or other credible evidence to show either company is a scam. The services being offered may have been high risk and it may be that Mr G's money was lost because of hacking or some other event. But that doesn't mean either company was operating a scam.

The information that's available online suggests G and A are legitimate investment platforms and crucially they are still operating. Mr G hasn't produced any emails/messages or described any circumstances such as having been promised unrealistic returns or told to download remote access software, which might indicate he was being scammed. And I haven't seen evidence that there were funds in an account that he was unable to withdraw or that he was lied to or prevented from withdrawing money that he should have had access to. And in the absence of such evidence, I can't fairly conclude Revolut was under an obligation to intervene with the purpose of preventing a fraud or scam.

Overall, I'm satisfied Revolut took the correct steps prior to the funds being released – as well as the steps they took after being notified of the potential fraud. I'm sorry to hear Mr G has lost money and the effect this has had on him. But for the reasons I've explained, I don't think Revolut is to blame for this and so I can't fairly tell it to do anything further to resolve this complaint.

My final decision

For the reasons I've outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 25 October 2023.

Carolyn Bonnell
Ombudsman