

The complaint

Mr O complains that Revolut Ltd have failed to refund money he lost as part of an investment scam.

What happened

Mr O is represented in this complaint by a claims management company. For simplicity, I will refer to Mr O throughout this decision, even when referencing what his representatives have said on his behalf.

Mr O had previously invested in cryptocurrency, and in November 2022 he was contacted by an individual claiming to be from a well-known cryptocurrency trading platform I'll call "B". This individual told Mr O that he had some dormant cryptocurrency and that B could help him regain access to this, but that he would need to pay a fee – representing a percentage of the value of the cryptocurrency – in order to release the funds.

Mr O opened an account with Revolut to facilitate the payments, and was encouraged to download remote access software. He was also encouraged to take out a loan to fund the payments he needed to make. Mr O then made five payments to his existing account with a different cryptocurrency trading platform before passing those funds on to the scammers. During the period these payments were being sent, two chat conversations took place between Mr O and Revolut, after some of the payments were flagged as suspicious. But Revolut was happy with the answers given and so allowed the payments to go through.

When Mr O did not receive the funds back from B that he was expecting, he realised he had been the victim of a scam, and contacted his representatives who raised a complaint with Revolut on his behalf. Mr O believes that Revolut could have done more to protect him from this scam, and could therefore have prevented some of his loss.

Revolut looked into what had happened, but felt it had taken adequate steps to try to protect Mr O from scams, so it did not think it should have to refund any of the payments to him.

Mr O was unhappy with Revolut's response and so he referred his complaint to our service. One of our Investigators looked into what had happened, but did not feel that we could reasonably ask Revolut to refund the payments Mr O made, given what he had said when it contacted him about the payments. Mr O maintains that if Revolut had asked more searching questions, or explained more about scams, when it spoke to him then it would have been able to uncover the scam, and so prevent much of his financial loss.

As no agreement could be reached, this case has been passed to me for 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.

Having done so, I agree with the conclusions reached by the investigator, and for largely the same reasons.

It isn't in dispute that Mr O authorised the disputed payments he made to his cryptocurrency account, from there his funds were subsequently transferred on to the scammer. And the starting position is that banks ought to follow the instructions given by their customers in order for legitimate payments to be made.

However, I've considered whether Revolut should have done more to prevent Mr O from falling victim to the scam, as there are some situations in which a bank should reasonably have had a closer look at the circumstances surrounding a particular transfer. For example, if it was particularly out of character.

Mr O's Revolut account was opened only a week before the disputed payments were made, and had only been used for one very small transaction (a £1 top up of the account) in that week. So Revolut had an extremely limited account history with which to compare any transactions Mr O was making. The first payment made by Mr O was for £5,000, but given that it had no transaction history for Mr O's account, Revolut would have been relying on generic indicators of fraud risk when this payment was made. Revolut would have had no idea of what might be normal for Mr O's account at that time, and while I appreciate that £5,000 feels like a lot of money, I don't think this was high enough to have triggered further questions from Revolut at that stage.

Another £5,000 payment was then made only a minute later, and I think it's arguable that this payment should have been flagged as potentially unusual by Revolut. But in any case, there appears to have been an issue with this second payment, and Mr O contacted Revolut using the chat function in his Revolut app to ask what had gone wrong. Revolut says it had flagged Mr O's account for a security check – another payment, for £25,000 had also been initiated by this stage – and so it took this opportunity to ask Mr O a series of questions about what he was doing and to advise him about the risk of scams. Revolut was satisfied with Mr O's answers and allowed the payments to go through.

The next payment made by Mr O, for £4,050, also triggered a further security check, and Revolut again asked Mr O a series of questions and gave him information about scams. But given Mr O's answers, Revolut was satisfied he was not at risk and allowed the payments to be made.

So, given that Revolut did intervene here, on two occasions, the question I must consider is whether it went far enough in all the circumstances with that intervention.

Over the course of these chat conversations with Mr O, Revolut asked several questions about what he was doing. He consistently said that he was buying cryptocurrency, because the market was low. He didn't mention anything about being asked to pay exit fees to recover investment profits. Mr O has said that the way Revolut asked the questions meant it was not always clear what he was replying to, but I think it is clear from the chat logs I've seen that Mr O was not being forthcoming with Revolut about what was happening. Revolut asked the following questions or made the following statements:

- Have you received any calls recently from anyone telling you to create a Revolut account and encouraging you to make an outbound transfer? If yes, what did they tell you? – Mr O *had* received a cold call recently, from someone saying he needed to make an outbound transfer to release cryptocurrency profits, but he did not mention this to Revolut.
- Have you been promised returns which possibly seem too good to be true, such as

doubling your investment in a month or receiving a guaranteed return? – Mr O appears to have been told by the scammers that he was entitled to nearly £200,000, I think this can reasonably be considered as ‘too good to be true’.

- On several occasions during the conversations Revolut asks if Mr O has downloaded any remote access software. – Mr O did not say yes to this question at any stage, despite the fact that he’s told us he had downloaded such software.
- Revolut said “...never transfer more money in order to access your funds.” Which clearly did apply to Mr O’s situation but Mr O does not appear to have seen this as a potential red flag.

Mr O has said that the scammers were answering these questions on his behalf, but I can see that Mr O’s personal phone was used to interact with the chat using his Revolut app, and he provided photo evidence at the start of the chat to confirm it was him who was responding. He’s suggested that the scammers then took over the chat, but there’s nothing in the way the chat progresses to flag that might have happened to Revolut. And Revolut has said that there are features in its app which prevent it being used by someone using remote access software.

Mr O has also said that if Revolut asked more searching questions, or gave more specific details about scams, then the scam could have been uncovered. I agree that some of the questions Revolut asked were closed ‘yes’ or ‘no’ questions. But I also must bear in mind that Revolut’s actions were being guided by the answers Mr O was giving and his behaviours as a whole. I therefore don’t think it’s unreasonable that Revolut took his answers at face value given the lack of any other concerning evidence that might suggest he had been targeted by a scam. For example, he presented himself in the chat as an experienced cryptocurrency investor who was fully aware of what he was doing, and did not say anything about what was actually happening to him which could have flagged as concerning to Revolut or caused it to treat his answers with some degree of scepticism.

So with all this in mind, I’m satisfied that Revolut took appropriate steps to try to protect Mr O from the risk of financial harm, I don’t think it could reasonably have done more to prevent Mr O’s loss given Mr O’s response to its interventions.

I’ve also thought about whether Revolut could have done more to recover the funds after Mr O reported the fraud. But I’m satisfied that it could not have done more here. Mr O had transferred money to his own cryptocurrency account before the funds were subsequently transferred on to the scammer. So Revolut wouldn’t have the same obligations as the financial institution responsible for the eventual transfer to the scammer’s account. In any case, once the funds are moved to a cryptocurrency wallet it is impossible to recover those funds, due to the nature of cryptocurrency and how it works. So Revolut would not have been able to recover the funds once they were passed on. With all of this in mind, I don’t consider that Revolut could have done more to recover the money that Mr O has lost.

I appreciate this will likely come as a disappointment to Mr O, 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 O to accept or reject my decision before 30 November 2023.

Sophie Mitchell
Ombudsman