

The complaint

Mr B says Revolut Ltd ("Revolut"), didn't do enough to help when he fell victim to an investment scam and then recovery scam. He says Revolut should reimburse him for the money he lost.

What happened

As both parties are familiar with the circumstances of this complaint, I've summarised them briefly below.

In summary, Mr B fell victim to a cryptocurrency investment scam and then, in an attempt to recoup his losses, Mr B subsequently fell victim to a recovery scam.

Mr B made the following payments as a result of the scams:

Date	Scam	Type of transfer	Amount
14/03/2022	Scam 1	Faster payment to own cryptocurrency account	£3,000
17/03/2022	Scam 1	Faster payment to own cryptocurrency account	£2,000
11/05/2022	Scam 1	Faster payment to own cryptocurrency account	£1,000
03/08/2022	Scam 2	Faster payment to own cryptocurrency account	£1,500
03/08/2022	Scam 2	Faster payment to own cryptocurrency account	£1,003

Mr B fell victim to a cryptocurrency investment scam (Scam 1). Mr B thought he was dealing with a legitimate company. Unfortunately Mr B had in fact been duped by fraudsters. Mr B set up a Revolut account to facilitate transfers to a cryptocurrency account that was also set up in Mr B's name and which he had access to. Mr B made payments from another account he held with another banking provider into his Revolut account and then made payments from his Revolut account to his cryptocurrency account. And then from there, on to what he thought was a company that would invest for him. Later on, Mr B had difficulty obtaining any funds / profits. Ultimately Mr B uncovered that he had fallen victim to a scam.

Subsequently, later on in trying to recoup his losses, Mr B then fell victim to a recovery scam (Scam 2). Mr B was put in contact with someone whom he believed worked for the Financial Conduct Authority who in turn put him touch with a solicitor. Sadly Mr B made a further two payments through the same channels in an attempt to recover his funds.

In November 2022, Mr B reported the matter to Revolut to see if his funds could be reimbursed or recovered. Revolut didn't consider it was liable for the losses Mr B incurred and as the payments had gone to the cryptocurrency account and then been moved on – it wasn't able to recover any funds.

Unhappy, Mr B brought his complaint to our service. Our Investigator reviewed the matter and didn't recommend the complaint be upheld. They were satisfied Mr B had authorised the transfers and they didn't think Revolut ought to have done more to identify the payments as potentially fraudulent in the circumstances. They didn't consider Revolut ought to have had a cause for concern that Mr B was potentially at risk of financial harm, or that he was falling victim to a scam to an extent that it ought to have intervened and questioned him further about the transfers.

With regards to the recovery of any funds, as the cryptocurrency had been moved on from Mr B's cryptocurrency account, the Investigator considered there wasn't anything further that Revolut could do to recover the funds.

Mr B disagreed with the Investigator's opinion and thought more should have been done by Revolut to prevent his losses.

As Mr B disagreed with the Investigator's opinion, and as the matter hasn't been resolved, it's been passed to me to decide.

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.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

I'm aware that I've summarised this complaint and the responses briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here – which is to determine whether Revolut should have done more to prevent Mr B's losses. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

Having thought very carefully about Revolut's actions, I'm not upholding Mr B's complaint. I do appreciate how disappointing this will be for him. Mr B was a victim of two cruel scams. But in weighing everything up, I don't think I can fairly say Revolut should reimburse him. I'll explain why.

In broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the customer's account.

It is agreed by all parties that Mr B made the bank transfers himself from his Revolut account. So it is the case that Mr B authorised all the transfers that are in dispute. And under the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means Mr B is responsible for them. That remains the case even though Mr B was the unfortunate victim of a scam.

There are times when I might expect a Firm to question a transaction or payment, even though it may have been properly authorised. Broadly speaking, Firms like Revolut have certain obligations to protect customers from fraud.

In this case, I need to decide whether Revolut acted fairly and reasonably in its dealings with Mr B when he made the transfers, or whether it should have done more than it did.

I've thought about this carefully. Having done so, I can't fairly say that any of the transfers Mr B made in relation to both scams would (or should) have alerted Revolut that Mr B was at risk of financial harm, to an extent whereby it should have carried out some additional checks before processing the transfers. So I don't consider Revolut are liable for the losses Mr B incurred. I'll explain why.

The Revolut account was opened around two weeks before Mr B made the first transfer of £3,000 on 14 March 2022 and then a further £2,000 on 17 March 2022. I have to be mindful that banks / payment service providers process a high volume of transfers and transactions each day. And Firms have to strike a balance as to when it should possibly intervene on a payment against not holding up or delaying its customer's requests. Here, I don't consider there is anything unusual or remarkable about the transfers or the amounts that ought to have alerted Revolut to the possibility Mr B was being scammed or was at risk of financial harm.

Mr B then sent a further £1,000 around two months later on 11 May 2022. And then Mr B made a further two payments in August 2022 in an attempt to recover his money. Again, there isn't anything remarkable about these payments or the amounts that reasonably should have given Revolut any cause for concern

I note there was another transfer made for around £1,000 on 2 March 2022 that was initially raised by Mr B's representatives. Revolut have evidenced that while it was made from Mr B's Revolut account it went to Mr B's primary bank account held at another banking provider. I think is fair to say that this amount doesn't form part of the amount lost as a result of the scam – albeit I'm mindful Mr B then later transferred funds from his primary bank account to his Revolut account to facilitate the later payments to the cryptocurrency account. In any event this payment isn't something Revolut would have been suspicious of at the time Mr B made it.

Overall, I don't think there were grounds for Revolut to be suspicious Mr B may be a victim of fraud when he made the transfers to such an extent where I would expect them to intervene and carry out some additional checks or question him further about the transfers. So I can't fairly say Revolut could have prevented his losses or is liable in some way.

Recovery of the funds

Given Mr B sent the funds to a cryptocurrency account in his own name – with his money being converted into cryptocurrency and moved on – there wasn't anything further Revolut could do to help Mr B recover his funds.

In summary, while I appreciate Mr B's been the unfortunate victim of a cruel scam, I think Revolut's decision not to refund him in this instance was fair and reasonable in the circumstances. I say this because Revolut followed Mr B's instructions to make the transfers and I haven't seen any reason why it shouldn't have done this. Unfortunately, given the funds Mr B transferred were exchanged into cryptocurrency and moved on, there wasn't anything further Revolut could do to help Mr B recover his funds.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or

reject my decision before 22 September 2023.

Matthew Horner
Ombudsman