

The complaint

Mr R complains Revolut Ltd won't refund the money he lost when he fell victim to a scam.

What happened

In late 2022, Mr R's wife found a company, T, promoting cryptocurrency. They thought the website seemed professional so submitted an enquiry. T contacted Mr R and advised him to set up a Revolut account to make card payments to a (genuine) cryptocurrency wallet, and then send the funds on to T's trading platform. Unfortunately, T was a scam and Mr R's money wasn't actually being invested.

T told Mr R to keep making payments to the trading platform to support the investment. He was able to withdraw just over £500 in February 2023. When he tried to withdraw more substantial profits in March 2023, T said he would need to pay fees first. But when he did, T still wouldn't let him access his funds. Mr R says this is when he realised it was a scam.

Mr R complained to Revolut. He said it should have questioned him about why he was making large payments to a cryptocurrency wallet – and if it had, that would have uncovered the warning signs of the scam (such as that T asked him to use remote access software). He also said Revolut should have raised chargeback claims for the payments.

Revolut didn't uphold Mr R's complaint. It said it had attempted a chargeback claim but hadn't succeeded as the funds had been correctly loaded to the cryptocurrency wallet. And that is where the fraudulent loss was incurred from. It said it wasn't liable for his loss.

Unhappy with Revolut's response, Mr R (via a professional representative) referred his complaint to our service. Our investigator didn't uphold it. They thought Revolut ought to have done more, but weren't persuaded that would have prevented Mr R's loss. They noted Mr R's wife had spoken to who she thought was the FCA (the UK financial regulator) – and thought T had been confirmed as legitimate.

The investigator also found Mr R had raised a chargeback in *January* 2023, naming T as a scam. Whereas his submissions said he didn't find this out until around March 2023. As Mr R was persuaded to continue paying T despite his concerns, the investigator wasn't persuaded Revolut ought to have been able to dissuade him. They also didn't think Revolut could have successfully recovered the funds.

Mr R has appealed the investigator's outcome so the case was passed to me. He says if Revolut had issued a tailored warning about the risks of these scams, it would have been uncovered.

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 decided not to uphold it. I'll explain why.

In line with the Payment Services Regulations 2017 (PSRs), Revolut is expected to execute authorised payment instructions without undue delay. It's agreed Mr R authorised the payments he is disputing, albeit he did so due to being tricked by a scam. So the starting position is that Mr R is liable for them.

That said, there are circumstances when it might be appropriate for Revolut to take additional steps before processing a payment. Such as when there are grounds to suspect it presents a fraud risk. That might occur when a payment is significantly unusual or uncharacteristic compared to the normal use of the account.

Here, the account was opened at the time of the scam. So Revolut didn't know how Mr R usually transacted. However, I do agree the first payment – at £5,000, being sent to a cryptocurrency wallet – ought to have prompted a written warning that broadly covered scam risks. But I wouldn't have expected it to go beyond that. And I'm not persuaded that would have dissuaded Mr R from proceeding.

I agree with the investigator that it was reasonable for Revolut to allow the remaining payments made in December 2022 and January 2023 go through without further checking or questioning. The payments came to form part of Mr R's expected/usual account activity.

In saying this, I am conscious Mr R submitted a chargeback in January 2023, before some of these payments were made. In his claim form, he mentioned T and said it was a scam. But he didn't otherwise reach out to Revolut at that time to discuss what had happened. And it wouldn't have known the further payments were being sent on to T, given they were being sent directly to a genuine cryptocurrency merchant.

However, I do think Revolut ought to have reached out to Mr R about what he was doing at least when he then sent £9,000 in March 2023. That appears a fairly significant change from the previous payments Mr R had made (aside from the first payment, all were between £1,000-£3,000). But on balance, I agree with the investigator it's not clear this would have succeeded in dissuading Mr R and uncovering the scam.

That's because Mr R seemed to have been acting on the understanding the FCA had confirmed T was a legitimate company. So I'm not sure a tailored warning from Revolut about the general features of these scams would necessarily have struck him as relevant to what he was doing.

Furthermore, Mr R continued making payments to T after describing them as a scam. When we asked why he did so, he said he was acting under T's guidance. But that doesn't explain *why* he was persuaded to follow its instructions in the face of the concerns he had. I've reviewed the records provided of Mr R's contact with T, to see if this provides further insight. But the messages all appear to postdate the payments.

Based on the available information, given that Mr R was persuaded to continue making significant payments despite these concerns – I don't think it seems *more likely than not* that intervention by Revolut would have outweighed his contact from T and succeeded in breaking the spell of the scam.

I also agree with our investigator that Revolut probably couldn't have recovered these funds. A chargeback claim would only consider a dispute against the merchant paid directly – which in this case was the merchant providing the cryptocurrency wallet. Whereas Mr R's dispute is with T, who the funds were sent on to from the wallet. I've seen nothing to suggest the merchant paid directly didn't provide the expected service (i.e. loading the funds to the wallet). As such, I'm not persuaded these funds could have been successfully charged back.

I am conscious Mr R has clearly fallen victim to a cruel and sophisticated scam which has left him at a significant loss. I understand why he feels strongly in pursuing this matter. But in looking at Revolut's role in what happened, while I agree it ought to have done more to try to protect Mr R, I'm not persuaded the action it should have taken would have succeeded in preventing his loss. I'm therefore not persuaded it's fair to direct it to refund him.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 1 May 2024.

Rachel Loughlin
Ombudsman