

## **The complaint**

Mr S complains that Revolut Ltd won't refund the money he lost to an investment scam.

## **What happened**

Mr S saw an advert from a well-known celebrity endorsing an opportunity to invest with a company I'll call 'E'. He left his contact details and was contacted by one of E's account managers. The account manager advised Mr S that he could earn 30% to 40% profit with them. Mr S researched E and found no adverse information about them, so he decided to invest a small amount via a different banking provider.

On 13 June 2022, Mr S authorised a card payment of £7,500 to a cryptocurrency exchange account in his name and sent this to his E trading account. He says his profits grew to £12,500, then they dropped completely. Mr S' account manager said he would help him recover his funds as Bitcoin was going to 'hit the roof', so Mr S sent a bank transfer of £5,000 on 15 August 2022 from his Revolut account to a cryptocurrency exchange account in his name and subsequently his E trading account.

Mr S says he was unable to contact E after this and a few months later someone from a different company called 'C' contacted him and said they were investigating E and had located his funds. He says C's representative knew his details and using 'AnyDesk' showed him his funds. He says C's representative tricked him into opening his online banking and made a card payment of £2,178 on 27 October 2022 from his Revolut account to a cryptocurrency exchange account in his name. But he says this third transaction was done without his authorisation.

Mr S complained to Revolut in January 2023.

Revolut reviewed Mr S' complaint and declined to offer any refund.

Unhappy with its response, Mr S referred his complaint to this service.

Our Investigators reviewed the complaint and didn't think Revolut should refund Mr S' payments. They didn't find that Revolut could have prevented Mr S from losing this money.

Mr S didn't agree and asked for an Ombudsman to review his complaint.

The complaint has therefore been passed to me for determination.

## **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 don't uphold this complaint.

There's no general obligation for a firm to refund transactions which have taken place as a result of a scam. And in law, the starting position is that the account holder is responsible for transactions they've carried out themselves and the firm is generally responsible for unauthorised transactions.

Mr S says he authorised the first two transactions but I've noted he says he didn't authorise the third. I think on balance, the third transaction was also authorised and I'll explain why.

Prior to the third transaction Mr S funded his Revolut account via one of his banking providers. The funds that credited Mr S' Revolut account were £2,178 (the exact amount as the third disputed payment). This was around 14:40pm. Transaction three was then carried out at 17:47pm. Revolut says the transaction was authenticated by 3DS which would have required Mr S to approve the payment in his Revolut app before it was sent. Revolut says the 3DS authentication screen would have shown Mr S the merchant and amount and Mr S would have been required to approve this.

Mr S also said in relation to the third transaction that the scammers went remotely onto his computer to show him how to move funds from his Revolut to his crypto exchange account, so he needed to make the funds readily available in his Revolut account prior to his call with C.

Taking all of this together, it would appear that Mr S was aware funds would be leaving his Revolut account and going to his crypto exchange account and he made the funds available for this transfer (in accordance with C's instructions). This explains why the funds were loaded onto his Revolut account hours before the third transaction was carried out. As Mr S was aware this money would be leaving his Revolut account (albeit with C's help), the third transaction must be considered as authorised by him.

I think what most likely happened was that Mr S was contacted by a representative of C who tricked him into believing they could recover his E investment and he authorised the payment in order for them to do so (without realising this was also a scam). So, whilst Mr S says he only authorised the first two disputed transactions, I think all three were authorised in accordance with the Payment Services Regulations (2017) and the terms of Mr S' account.

But I consider it to be a matter of good industry practice for Revolut to be on the lookout for unusual and out of character transactions to (among other things) help protect its customers from financial harm from fraud. And for the avoidance of doubt, I don't dispute that Mr S has been scammed here.

There was little activity on Mr S' statements prior to the disputed transactions as the Revolut account was opened in April 2022 for the purpose of gaining exposure to financial assets.

Whilst there was a low value payment to a crypto exchange account in Mr S' name in April 2022, I think the first disputed transaction of £7,500 was of sufficiently high value to warrant a warning from Revolut. I think the warning broadly should have covered scam risks but I think Revolut would have been mindful of the fact that Mr S had made an undisputed payment to the same crypto account a couple of months earlier. Revolut didn't provide any such warning and I think this was a missed opportunity to intervene, so I've thought about whether a general scam warning would have made a difference and I don't think it would have.

I say this because Revolut did provide a general scam warning at the point of transaction two (which I think was a proportionate warning to the risk it identified) and Mr S was asked

whether he trusted the payee. The warning covered safe account scams and receiving an offer that's too good to be true. But Mr S proceeded with the payment despite the warning. I've noted Mr S said he carried out his own research into E and felt that he trusted the account manager. As Mr S says he didn't see any adverse information, I don't think a general warning at the point of transaction one would have dissuaded him from investing. I especially say this as he says his profits plummeted after transaction one but he still decided to invest further funds after this, on the advice of his account manager. I therefore think Mr S was bought into the scam and I don't think Revolut could have prevented him from sending this money.

In other words, whilst Revolut didn't intervene at the point of transaction one, I don't think a general warning from it would have made a difference to Mr S, particularly as a general warning at transaction two didn't dissuade him from sending his payment. Any failings by Revolut were not the dominant, effective cause of his losses; they were just part of the background history or occasion that led up to them.

For the avoidance of doubt, I've also considered whether Revolut should have intervened at transaction three and I'm satisfied there was no reason for it to do so. The payment was of much lower value than transactions one and two and was sent to a payee Mr S had paid a substantial sum to several months earlier.

### **My final decision**

My final decision is, despite my natural sympathies for Mr S' loss, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 25 April 2024.

Dolores Njemanze  
**Ombudsman**