

## **The complaint**

Mr O complains that Revolut Ltd didn't do enough to protect him from the financial harm caused by an investment scam company, 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 O received a message on social media from someone who I'll refer to as "the scammer" who claimed to work for company "A". The scammer said he had a potential opportunity for Mr O to earn money by investing in cryptocurrency, and Mr O had been looking for a way to earn extra, so he responded to the message.

Mr O told the scammer he wanted to go ahead and was sent a link to a trading platform. He was also given an invitation code and instructed to set his own password, which he'd need to make withdrawals. He had to provide ID and was told he'd be able to speak with customer service if he needed further assistance.

The scammer told Mr O to purchase cryptocurrency and then load it onto an online wallet and between 16 March 2023 and 17 April 2023, he made 21 transfers from his Revolut account totalling £19,442 to a platform I'll refer to as "S". From there the money was deposited into a cryptocurrency account before being sent on to a wallet address given to him by the scammer. He realised he'd been the victim of a scam when the scammer kept pressuring him to deposit more money and he was unable to withdraw any funds.

Mr O complained to Revolut with the assistance of a representative who said it had failed to carry out basic checks and that the payments were high value, so it should have intervened. They said Mr O had opened the account for the purpose of the scam and the rapid movement of funds should have been highly concerning.

But Revolut refused to refund any of the money Mr O had lost, the transactions weren't suspicious, and it had done everything it could to try to recover the funds.

Mr O wasn't satisfied and so he complained to this service. His representative said Revolut did send warning messages, but Mr O had made seven payments on 16 March 2023, so it should have intervened sooner and alerted him that A was operating a scam.

The representative said there was unusual activity on the account and Revolut should have provided an effective warning about the risks involved with sending high-value payments to a payee linked to cryptocurrency. They said it failed to identify the unusual nature of the payments and released them without any questions or online banking pop-ups.

They said Revolut should have questioned Mr O around the purpose of the payments, whether there was a third party involved, and if so, how he met the third party, whether he'd checked the Financial Conduct Authority ("FCA") register and whether he'd been promised

unrealistic returns, and with this information it should have realised he was likely falling victim to an elaborate investment scam.

They said Mr O wasn't prompted to give false answers, so it would have been clear the investment had the hallmarks of an investment scam and even though he was sending money to a legitimate cryptocurrency merchant, it should have still provided a scam warning in light of all the information known to banks about the increasing number of scams associated with cryptocurrency. They also said Mr O had deposited funds into Revolut account before paying S, which should have been an automatic red flag, along with the fact he was paying money to a particular cryptocurrency exchange company to which many banks were now blocking transactions.

Revolut said the chargeback process wasn't applicable to bank transfers and that it had raised a fraud report with the beneficiary bank, but there no funds were available for recovery.

It said a warning was triggered on 16 March 2023 when Mr O tried to make a payment of £351, and he was sent a set of dynamic educational story messages to warn him about the risks associated with the payment. He was asked about the purpose of the payment but decided to proceed with the transaction. It said the transactions weren't considered suspicious by its fraud systems and as the account had a very short history, there was a lack of data to compare the payments with. It also said the funds were transferred to an account in Mr O's own name, so it wouldn't be considered liable.

Finally, Revolut said it didn't believe that blocking the payments would have made any difference because if it had asked questions about where the money was being sent, Mr O might not have mentioned the name of the scam company and he would have likely disregarded its recommendations.

Our investigator didn't think the complaint should be upheld. She didn't think Revolut ought to have intervened when Mr O made the first payment because it was a low value payment to an account in his own name.

She noted that when Mr O made the payment of £351 on 16 March 2021, Revolut sent him a tailored warning and a set of 'dynamic educational story messages' to warn him about the risks associated with the payment. He was also asked about the purpose of the payment, which he chose not to answer before proceeding with the transaction. She was satisfied this was enough considering the payment was low value, there was no account history and S isn't a cryptocurrency exchange platform.

She also noted the largest payment was on 11 April 2023 for £3,501 and she thought Revolut should have intervened at this point because of the value of the payment. But she didn't think it would have made a difference because Mr O gone ahead with payments in the face of warnings on 16 March 2023, so she didn't think it would've been any different if Revolut had intervened again on 11 April 2023.

Finally, our investigator was satisfied Revolut had done all it could to recover the money once it became aware of the fraud and that Mr O wasn't entitled to any compensation from Revolut.

Mr O has asked for his complaint to be reviewed by an Ombudsman and has explained he was trying to earn more to be able to pay debts.

### **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. And for largely the same reasons. I'm sorry to hear that Mr O has been the victim of a cruel scam. I know he feels strongly about this complaint, and this will come as a disappointment to him, so I'll explain why.

I'm satisfied Mr O 'authorised' the payments for the purposes of the 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, Mr O 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 carefully considered the circumstances, and I am persuaded Mr O was the victim of a scam. But, although he didn't intend his money to go to scammers, he did authorise the disputed payments. Revolut is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

### *Prevention*

I've thought about whether Revolut could have done more to prevent the scam from occurring altogether. The payments were transferred to a genuine platform, however, Revolut had an obligation to be alert to fraud and scams and these payments were part of a wider scam, so I need to consider whether it ought to have intervened to warn Mr O when he tried to make the payments. If there are unusual or suspicious payments on an account, I'd expect Revolut to intervene with a view to protecting Mr O from financial harm due to fraud.

The first payment for £51 didn't flag on Revolut's fraud systems and I'm satisfied that's reasonable. The second payment did flag, and Mr O was sent warning messages. I've considered the nature of these warnings and I'm satisfied they were appropriate considering the value of the payment and the fact S isn't a cryptocurrency exchange platform.

Mr O's representative has said Revolut ought to have intervened again on 16 March 2023 because Mr O made six payments to the same payee. But the cumulative spend was only £1,955, and I don't think this was cause for concern. So, I don't think it needed to intervene again that day.

Our investigator said Revolut should have intervened on 11 April 2023 when Mr O transferred £3501 to S, but I don't agree with this because S was an established payee to which Mr O had already made sixteen transfers. And there were gaps of up to ten days between some of the payments, so I don't think there was a pattern of spending which would have indicated he was at risk of fraud. I accept the amount was larger than the previous transfers, but the amount was particularly concerning, and S wasn't identifiably related to cryptocurrency. So, I don't think Revolut needed to intervene.

Further, even if Revolut had intervened, I agree with our investigator that it wouldn't have made a difference to the outcome because Mr O was sent warning messages on 16 March 2023 when he transferred £351 to S, and he still went ahead. He trusted the scammer and thought the website was professional and genuine. And he could see his account balance increasing throughout the scam, which also reassured him the investment was legitimate. So, even if I thought Revolut had intervened, I don't think further warnings would have made a difference to Mr O's decision to go ahead with the payment.

Because of this, I'm satisfied Revolut took the correct steps prior to the funds being released – as well as the steps it took after being notified of the potential fraud. I'm sorry to hear Mr O 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 O to accept or reject my decision before 13 November 2023.

Carolyn Bonnell  
**Ombudsman**