

The complaint

Ms D complains that Revolut Ltd didn't do enough to protect her when she was the victim of an investment scam.

Ms D is being supported by a representative, but for ease, I'll refer to Ms D throughout this decision.

What happened

The background to this complaint is well known to both parties, and so I'll only refer to some key events here.

Ms D opened a Revolut account on 12 August 2018. On 19 August 2018 her partner transferred 12,500 euros into her account. Following what Ms D refers to as '*an unsolicited phone call*', on 20 August 2018 she transferred all these funds to a company ('S') for what she believed to be the purposes of an investment into cryptocurrency via a trading company, who I'll refer to as ('B'). Ms D said 'B' had been presented as a '**reasonably safe short-term investment**' opportunity that she and her partner wanted to get involved in.

Between 22 and 27 August 2018 Ms D's partner made five more payments into her Revolut account totaling 230,500 euros. On 30 August 2018 Ms D transferred all these funds to a company ('R') for the purposes of the same investment.

Between 21 and 29 August 2018 Revolut contacted Ms D via its chat function and asked several questions about the source of the funds from her partner. It also asked:

'Could you also please clarify this transfer for me [S]'

Ms D said:

'it's a short-term investment'.

Revolut released the payment to 'S' and didn't intervene in the payment to 'R'.

In February 2019 'B' told Ms D it was investigating a 'trading incident'. She asked for her money to be withdrawn but received no response. Ms D was unable to recover any of the funds and realised she'd been the victim of an investment scam.

Ms D contacted her representatives in January 2023, and it contacted Revolut on her behalf. It tried to recover the funds, but this was unsuccessful given the passing of time and because they'd been international payments.

Revolut didn't think it was responsible for Ms D's loss and that it had adhered to the scam controls in place in 2018. Revolut said it had questioned Ms D about the source of the funds and the payment to 'S' – but had no concerns. It said the Payment to 'R' didn't flag as suspicious. It said 'R' was a legitimate company and the payment reference used by Ms D made no reference to investment.

Revolut also pointed out that the decision to invest had been a joint one between Ms D and her partner, who it understood worked in the investment and finance industry.

Ms D's complaint was referred to the Financial Ombudsman. One of our Investigators

considered the complaint but didn't uphold it. Whilst she thought Revolut could've questioned Ms D more about the payments to 'S' and 'R' she didn't think that would've stopped Ms D proceeding. She also thought Revolut had made reasonable attempts to recover the funds.

Ms D didn't agree and has asked for an Ombudsman's decision. She said she would've heeded appropriate warnings from Revolut, and not just relied on her prior knowledge and experience of the investment provided by people she knew. She said Revolut should've been aware of the prevalence of investment scams and asked more about 'S' and 'R' – given that large payments had been made into Ms D's account a few days before. And that its failure to ask any questions about the payment to 'R' – a much larger payment – was unacceptable.

Ms D thought Revolut should've asked her the following:

Are you aware Blue Trading is not regulated by any major regulatory body?

Are you sure you wish to transfer this very large amount in one transaction?

Why are you requesting one very large transfer to a company based in Hong Kong when the first transfer was to a company based in Germany?

If you are paying one company (Blue Trading) why do they have different receiving bank accounts?

Your fiancé's colleagues may work in finance, but does this mean they understand the investment market sufficiently for you to proceed with this – and with this very large amount of money?

Ms D also said Revolut should've identified the flaws of 'B's ***legal structure, payment practice and lack of meeting minimum requirements for retail investors***'.

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 similar reasons. I'll explain why.

It isn't in dispute that Ms D authorised the disputed payments. The payments were requested by her using her legitimate security credentials, and the starting position is that Revolut ought to follow the instructions given by its customers in order for legitimate payments to be made as instructed.

However, taking account of good industry practice at the time, I've considered whether Revolut should've done more to protect Ms D.

I don't disagree with our Investigator that Revolut could've asked more questions in relation to the payment to 'S'. And arguably, the payment to 'R' – given its significantly high value – should've prompted some questioning from Revolut. Particularly as during that time Revolut was interacting with Ms D about the source of the funds.

But the crux of the issue here is what the line of questioning from Revolut should've looked like and whether it would've made a difference.

The first point to make is that credible sources, such as the Financial Conduct Authority (FCA), only began to warn about crypto investment scams from around mid-2018. Based on that, we think firms ought to have reasonably been aware of the operation of crypto scams

from around January 2019 to have given more meaningful warnings about the scams. Prior to that, we don't think firms could've reasonably been as familiar with the mechanics of crypto investment scams as they are now.

For example, back in 2018, we don't think businesses would've understood that these scams involve someone in the background - in this case 'B' – the scammer. So, any questions Revolut should've asked would've likely been around the payments themselves, not about 'B'.

I appreciate that with the benefit of hindsight the questions Ms D thinks Revolut should've asked her don't seem unreasonable. But as I've outlined above, the knowledge of crypto investment scams was far less in 2018. Revolut couldn't give Ms D investment advice and as the payments were being made to legitimate companies ('S' and 'R'), I don't think Revolut needed to have delved any deeper or would've had any obvious concerns. So, whilst I think Revolut should've done more here, I don't think it's fair to suggest its questions to Ms D should've been as detailed and specific as Ms D believes.

For the sake of argument and completeness, I've given careful consideration as to whether *any* further intervention by Revolut would've likely made a difference.

For the reasons I outlined above, I think it unlikely the involvement of 'B' would've been uncovered during an interaction between Ms D and Revolut. But even if it had, and Revolut had suggested to Ms D that she carry out checks – I don't think, on balance, that would've dissuaded her from proceeding.

Paying large sums of money internationally for the purposes of an investment and a lack of regulation would be seen as high risk. But Revolut couldn't give investment advice to Ms D and not all crypto investments are scams – with the prevalence of such scams being far less in 2018. Ultimately, Ms D had no reason to question the legitimacy of 'B' or the investment until she tried to make a withdrawal in February 2019.

Ms D has told us she has no recollection of what was said during the unsolicited phone call about the investment but has confirmed that before investing she checked 'B's website, which she found to be informative, robust and genuine. And that she'd seen positive online reviews. Ms D has also told us that she had access to her online trading account and that the security checks 'B' carried out further reinforced its legitimacy.

Based on all this, I think it's unlikely that any checks Ms D undertook into 'B' following reasonable advice or warnings from Revolut would've given her any obvious cause for concern.

Of even more significance here is the influence of Ms D's partner and other friends/associates who'd also invested with 'B'. It's evident that Ms D and her partner made an informed decision to invest based on their personal and financial situation at the time. Ms D has also told us that her partner had spoken to 'B' about his trades and had been provided with a satisfactory explanation. As I understand it, Ms D's partner, and associates who were also investing with 'B', worked in the investment and finance industry – and she's said she trusted them.

With all that in mind I think it likely, on balance, that *any* concerns Ms D might've had off the back of *any* warnings given by Revolut would've been alleviated by reassurances from her partner and others that the investment was genuine.

Taking everything into account, I don't disagree that Ms D has been the victim of a sophisticated and cruel investment scam. And I think Revolut could've done more to try

and protect her. But I don't think any further action or intervention from Revolut was likely to have made a difference. So, I don't think it's fair or reasonable to hold Revolut accountable for Ms D's loss.

I'd still expect Revolut to do all it could to try and recover the lost funds when Ms D alerted it to the scam – even though the likelihood of recovery was slim given almost five years had passed and the payments were international. Revolut contacted the beneficiaries as soon as it knew about Ms D's loss. But had confirmation that no funds remained.

Revolut acted promptly here to try and recover the lost funds and so I can't say it should've done anything more.

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 Ms D to accept or reject my decision **before 21 December 2023**.

Anna Jackson
Ombudsman