

## **The complaint**

Mr J complains that Revolut Ltd hasn't done enough to protect him against the loss of money to a scam.

## **What happened**

Mr J says that he had been looking for an investment opportunity online, and identified an investment firm he felt was a good prospect via a networking site. He made contact with the investment firm, which I'll call "S" and, ultimately, they persuaded him to make eight payments totalling over £10,000, between 28 June and 30 November 2022. It appears that some of these payments were for investments, and some were for management fees. These payments were made to Mr J's own account with a cryptocurrency wallet provider – "G" – and then were apparently sent on to S. Unfortunately, and unknown to Mr J at the time, S was not legitimate, and Mr J was in fact dealing with scammers.

When Mr J was told he would need to pay more funds in to unlock the next level of the investment programme he became suspicious, and when he was then told he would also need to make further payments in order to withdraw his existing investment, he realised that he had fallen victim to a scam.

In March 2023 Mr J reported to Revolut that he'd been scammed. Ultimately, Revolut did not think it was obliged to refund any of the money lost to Mr J. Mr J remained unhappy, and referred his complaint about Revolut to us. As our investigator (who didn't recommend that the complaint be upheld) couldn't resolve the matter informally, the case has been passed to me for a final decision.

## **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.

It's not in dispute that Mr J authorised the payments himself as he thought he was dealing with a legitimate investment firm. Broadly speaking, the starting position in law is that Revolut is expected to process payments and withdrawals that Mr J authorises it to make, in accordance with the terms and conditions of the account. And Mr J will then be responsible for the transactions that he has authorised.

Because of this, Mr J is not automatically entitled to a refund. But the regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams.

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

In my opinion, the first two payments – for £10 and for £4,100 – just weren't sufficiently unusual to reasonably say Revolut shouldn't have allowed the payments to go through without first getting in touch with Mr J to check everything was in order. I acknowledge that the second of these payments was for a not insignificant amount - £4,100 - but given that it had no transaction history for Mr J's account, Revolut would have been relying on generic indicators of fraud risk when this payment was made. Revolut would have had no idea of what might be normal for Mr J's account at that time, and while I appreciate that £4,100 feels like a lot of money, I don't think this was high enough to have triggered further questions from Revolut at that stage. So I consider that Revolut acted reasonably in allowing this payment to be made without further questioning.

But by the time of the third payment, made just a day later and for a similarly high amount - £4,000 – I think a pattern had started to emerge which should have caused some concern. So I think it would have been prudent for Revolut to step in at this stage and ask some questions about what the payments were for.

However, having considered what happened when Revolut did later question Mr J about the payments he was making, I don't consider that any earlier intervention would have prevented Mr J from continuing to transfer his funds. I say this because when Mr J was questioned he didn't say anything in answer to Revolut's questions that I feel should have flagged to Revolut that something suspicious was going on. Mr J said that he was an active investor, and had used G before to make international transfers for him. He came across as someone who was confident in what they were doing, and who was very keen to ensure his payments were made. Mr J did say he was making transfers for cryptocurrency, but not all payments made for cryptocurrency are a result of a scam. And in this case I don't think where the payment was headed ought to have automatically triggered Revolut's attention given what Mr J had said about what he was doing.

I understand that Mr J feels that Revolut could have flagged that the company he was investing with was potentially suspicious, but I've not seen anything to show that Revolut was aware of where the funds were ultimately being sent – it would only have had sight of the first part of the payment journey, which was to Mr J's own account with G.

With all of this in mind, I don't consider that intervention from Revolut at an earlier stage would be likely to have prevented Mr J from continuing with the payments he wanted to make. So I don't consider that Revolut could have reasonably prevented his loss.

I've gone on to consider whether Revolut could have done more to recover the funds after Mr J reported the fraud, as in some circumstances the money can be recovered via the bank raising an indemnity with the receiving bank. However, in these circumstances, Mr J transferred money to his own cryptocurrency account before the funds were subsequently transferred on to the scammer. So while Revolut had an obligation to notify the recipient account provider of what had happened, and it did so, it wouldn't have the same obligations as the bank responsible for the eventual transfer to the scammer's account. I also know, from experience of these kinds of cases, that scammers invariably will move the proceeds of their scams on very quickly, to avoid them being recalled. So any delay in a scam being reported, as there was here, means that the prospect of recovery is very slim. With all of this in mind, I don't consider that Revolut could have done more to recover the money that Mr J has lost.

I note that Mr J has referred to the Contingent Reimbursement Model (CRM) Code in his response to our Investigator's findings. But Revolut is also under no obligation to refund the

money to Mr J under the Code either, as it is not a signatory of the code and, in any case, the Code does not apply to payments which the payer has effectively made to themselves (which would have been the case here given the payments were made to Mr J's cryptocurrency account before being moved on to the scammer).

I appreciate this will come as a disappointment to Mr J, and I'm sorry to hear he has been the victim of a cruel scam. However, I'm not persuaded that Revolut can fairly or reasonably be held liable for his loss in these circumstances.

### **My final decision**

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 28 December 2023.

Sophie Mitchell  
**Ombudsman**