

The complaint

Mr K has complained that Revolut Ltd (“Revolut”) failed to protect him from falling victim to an investment-related scam.

What happened

The background of this complaint is already known to both parties, so I won’t repeat all of it here. But I’ll summarise the key points and then focus on explaining the reason for my decision.

Mr K has used a professional representative to refer his complaint to this service. For the purposes of my decision, I’ll refer directly to Mr K, but I’d like to reassure Mr K and his representative that I’ve considered everything both parties have said.

In July 2023 Mr K explains that he was looking to make some additional income so he was researching investment opportunities online. He came across a company, which I’ll call “P”, and after doing some research about it he registered his interest with the company. He was contacted by someone (“the scammer”) from the company who sent Mr K some information about the investment opportunities available and what he could expect.

Mr K went ahead with the opportunity and registered with P, as well as opening a Revolut account as directed by the scammer, to send and receive funds (as cryptocurrency) to and from the investment. Mr K also says the scammer arranged webinars and training sessions, as well as persuading Mr K to allow them to install remote access software on his computer so that they could help him throughout the process.

Mr K says he was persuaded that the investment was genuine because he was provided access to a professional-looking website and platform, which had a lot of features he’d expect from a legitimate investment platform. He’s also said that he wasn’t an experienced investor and the scammer appeared knowledgeable and professional, so Mr K trusted him. In addition, the scammer was in regular contact with Mr K which gave a personal feeling of support to Mr K throughout.

The payments Mr K sent to the scammer were as follows:

Date	Amount / Currency
07/08/2023	£28,996.55
23/08/2023	€62,113.00
24/08/2023	€23,134.00
08/09/2023	€7,552.00
11/09/2023	€7,707.00

Mr K says that by September 2023 he’d built up around £80,000 in profit, which he requested to withdraw. He was told at that time in order to withdraw his profits he’d need to make a further payment of almost £5,000, which Mr K says he did from an account he holds

with another bank. When Mr K didn't receive the withdrawal and was asked to pay more as a result of errors he'd supposedly made, he realised he'd been scammed.

Mr K made a complaint to Revolut, saying that it didn't do enough to protect him from the scam, despite the warning signs that it should've been aware of. He requested a refund of the funds he'd lost plus interest, and £250 compensation. Revolut didn't uphold the complaint as it said it had intervened sufficiently in all of the payments, by asking Mr K a series of questions about them and connecting him with members of its team to verify the payments further. Mr K remained unhappy so he referred the complaint to this service.

Our investigator considered everything and didn't think the complaint should be upheld. He thought that Revolut had sufficiently intervened before making the payments, based on the information it was given by Mr K about them.

As Mr K didn't accept the investigator's opinion, the case has been passed to me to make a 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.

I'm sorry to disappoint Mr K but having considered everything I'm afraid I'm not upholding his complaint, broadly for the same reasons as our investigator, which I've set out below.

In broad terms, the starting position is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And in this case it's not in question whether Mr K authorised these payments from leaving his account. It's accepted by all parties that Mr K gave the instructions to Revolut and Revolut made the payments in line with those instructions, and in line with the terms and conditions of Mr K's account.

But that doesn't always mean that the business should follow every instruction without asking further questions or intervening to ensure requests coming from their customers are firstly genuine, and secondly won't result in harm.

Revolut has provided evidence of all of the warnings it showed Mr K during the payment journeys. When Mr K gave the instruction to Revolut to make the first payment, it asked him a series of questions related to the purpose the payment, to which he told it he was transferring funds to his own account that already existed. At the outset Mr K was asked to confirm he would answer truthfully and whether anyone was prompting or guiding him to send the payment, to which he answered "no, I am not being guided".

In response to a question asking which type of account Mr K was sending the funds to, he responded "Foreign exchange or money transfer", despite being given an option before this one of "investment, trading or pension account". He also confirmed that he had not been asked to install any software, and that he was transferring funds to an existing account, rather than selecting the option "Yes, it's a new account created for me". Following the questions Mr K was then shown a series of warning screens relevant to the answers he'd given, providing him information on how he could protect himself from scams, which he had to click through to acknowledge sight of.

As part of the warning screens Revolut gave Mr K a warning at this point about "safe account" scams, and due to its ongoing concerns it held the payment until Mr K had spoken to a member of Revolut's staff via its in-app chat. I've reviewed the transcript of that chat and

I can see that Revolut asked Mr K further questions about the payment and gave him several further warnings based on the initial reason he'd selected for making the payment.

Revolut says it didn't show these warnings again when Mr K made the second and third payments, as the payee had become "trusted" and as such, they weren't flagged as suspicious. In this case I think this is reasonable. The second payment, although larger than the first, was over two weeks later, and the third payment was for a smaller amount than the first and second payments. Neither of these characteristics are typical of a scam so I don't think this should've put Revolut on notice that something might've changed and Mr K might've been at risk. And as Mr K gave the same payment purpose for these two payments as he did for the first one, I think it was reasonable for Revolut to rely on the information it had previously been given by Mr K, and not intervene any further.

When Mr K sent the fourth and fifth payments, which were both to new payees, he told Revolut he was transferring funds to "Pay a family member or friend". He was asked about the reasons for the payments, to which he responded "Paying back for something they purchased on my behalf" and he confirmed he'd been given the bank details for the payees "face to face". He was again shown a five-page series of warnings giving him information about the types of scam related to paying family and friends, and he had to tap "continue" on each screen to reach the end and confirm he still wanted to make the payments.

In this case I think the tailored and specific warnings Revolut gave for the fourth and fifth payments were sufficient interventions. I say this based on what Mr K told Revolut the payments were for, and based on the fact that these payments were much smaller than the previous ones.

Having considered the interventions for all of the payments in question, I'm satisfied that Revolut did enough to understand more about the payments Mr K was making. It asked clear and unambiguous questions in an attempt to show him relevant warnings tailored to the specific reasons he gave for making the payments. And in the case of the first payment, as Mr K's account was new and the funds he was attempting to send had recently credited his account, I think it was proportionate for Revolut to block the payment until it had connected Mr K with a human to discuss it further.

Whilst I don't doubt that Mr K has been the victim of scam here, his actions have unfortunately led to Revolut being unable to intervene effectively in an attempt to protect him from the financial harm he's now experienced. As the answers Mr K gave weren't entirely accurate for any of the payments he made, this prevented Revolut's warnings and questioning from being specific enough to "break the spell" of the scam and make Mr K realise the risk he was facing. But as I think Revolut did enough based on the information it had, I don't hold it responsible for Mr K's losses.

Recovery of the funds

For the first three payments, it appears that the funds were sent to Mr K's account held with a cryptocurrency platform and were made available to Mr K immediately as cryptocurrency. With this in mind, the initial funds no longer remained in the receiving account, so Revolut wouldn't have been able to recover them.

For the fourth and fifth payments, Revolut contacted the receiving banks but the recovery requests were denied as the funds didn't remain in the accounts. As Revolut wasn't made aware of the scam until around a month after it happened, I don't think there was anything more that Revolut could've done to recover these funds.

I'm very sorry that Mr K has fallen victim to this scam and I do understand that my decision will be disappointing. But for the reasons I've set out above, I don't hold Revolut responsible for that.

My final decision

I do not uphold Mr K's complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 17 September 2024.

Sam Wade
Ombudsman