

The complaint

Miss S complains that Revolut Ltd won't refund money she lost when she was the victim of a crypto investment scam.

What happened

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

Miss S has said she was introduced to investing in crypto by a family member. Before deciding to invest, Miss S attended a seminar held by the investment company (which I'll refer to here as 'I'). During the seminar, Miss S said a representative from 'I' helped her set up an investment account, as well as an account in her own name with a legitimate crypto exchange (which I'll refer to here as 'M'). She also said she attended a webinar with an investor and representative of 'I' who helped her buy crypto and invest it in her trading account.

Miss S made the following card payments towards the investment from her existing Revolut account:

Date	Payee	Type	Amount
21 November 2023	'M'	Debit card transaction	£1,256
22 November 2023	'M'	Debit card transaction	£516
23 November 2023	'M'	Debit card transaction	£221
Total:			£1,993

Miss S said she initially saw her investment double in value – which enticed her into investing more. But when she was unable to withdraw her funds, she became suspicious that she'd been the victim of scam. She contacted Revolut who tried to recover the funds by way of a fraud chargeback claim. But this was unsuccessful as the claim was deemed invalid given Miss S had authorised the payments.

Miss S complained to Revolut. In short, it said Miss S had authorised the payments and it had no reason to believe she was at risk of financial harm – as it said she was purchasing crypto from a legitimate company.

Unhappy with this, Miss S referred her complaint to the Financial Ombudsman. She said Revolut had '*done nothing*' to help her recover the lost funds of £1,993. And she said it shouldn't have let the payments be processed; given they were out of character for her account usage.

Miss S wanted Revolut to reimburse the payments, together with compensation for the impact its actions have had on her.

Our Investigator didn't think Revolut had to do anything further. She didn't agree the payments were unusual or suspicious enough to have alerted Revolut to the possibility they were being made as part of a scam. Our Investigator also thought Revolut had done enough to try and recover the lost funds.

Miss S asked for her complaint to be reviewed by an Ombudsman, so it's been passed to me to decide.

Miss S said the payments should've been of concern to Revolut given their size and frequency. She said this was at odds with her previous account activity and Revolut should've contacted her to find out more about the purpose for the payments. If it had, Miss S thought her loss would've been prevented.

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 Miss S has been the victim of a scam and I don't underestimate the impact this has had on her. But I must consider whether Revolut is responsible for the loss she has suffered. And while I realise this isn't the outcome Miss S is hoping for, for similar reasons as our Investigator, I don't think it is. I therefore don't think Revolut has acted unfairly by not refunding the payments. I'll explain why.

But first, I would like to say at the outset that I have summarised this complaint in far less detail than the parties involved. I want to stress that no discourtesy is intended by this. If there is a submission I've not addressed; it isn't because I have ignored the point. It is simply because my findings focus on what I consider to be the central issues in this complaint – that being whether Revolut should reasonably have prevented Miss S's loss.

In broad terms, the starting position in law is that an electronic money institution (EMI) is expected to process payments that their customer authorises them to make. It's not in dispute that Miss S authorised the payments. And, so, under the Payment Services Regulations 2017 and the terms of her account, Revolut are expected to process the payments and Miss S is presumed liable for the loss in the first instance.

However, considering the regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Revolut to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

Taking all of this into account, I need to decide if Revolut acted fairly and reasonably in its dealings with Miss S when she made the payments to 'M'. Specifically, whether it should've done more than it did before processing the payments – and if it had, would that have made a difference. I also need to decide if Revolut ought to have done more to recover the funds.

So, the starting point here is whether the instructions given by Miss S to Revolut (either individually or collectively) were unusual enough to have expected additional checks being carried out before the payments were processed.

Miss S opened her Revolut account in June 2022 and so I've looked back over her account usage from that date to see if the payments were unusual or out of character for Miss S. I've

also thought about whether the payments themselves, regardless of previous account activity, were suspicious enough to have prompted Revolut to consider Miss S was at risk of financial harm from fraud.

I appreciate that overall, Miss S has lost £1,993 which is a significant amount of money. But this amount wasn't paid in one large or unusual transaction. It was spread over three separate smaller increments which, in my judgement, would not have appeared particularly unusual or out of character when compared with Miss S's spending history.

I don't believe the first payment for £1,256 was *sufficiently* unusual to have alerted Revolut to the possibility of a fraud or scam. While this is larger than other payments made on Miss S's account in the previous eighteen months, it's not an *unusually* large amount in more general terms. And I must bear in mind that it's not uncommon for people to make larger one-off payments from time to time to a new beneficiary in a normal operating account.

The second and third payments were more in line with similar payments made from Miss S's account in the previous eighteen months – with several payments of more than £300. So, having considered the payments Miss S made to 'M', I'm not persuaded there was anything unusual or out of character that ought reasonably to have triggered Revolut's fraud monitoring systems, or that would have indicated she was in the process of being scammed.

Looking next at whether the payments would've appeared suspicious; it's of relevance that they were all made to an account in Miss S's name with a legitimate company ('M') for the legitimate purchase of crypto. At the time these payments were made there were known fraud risks associated with crypto, as scams like this have unfortunately become more prevalent. But I'm mindful that many of Revolut's customers use its services to *legitimately* purchase and invest in crypto - particularly as many high street banks have applied limits or restrictions in this area.

The pattern of payments is also not an obvious pattern of a scam. Whilst the payments are made in close succession – which can be indicative of suspicious activity – payments linked to investment scams usually increase in value – whereas here, the values reduce.

Because of all this, and as I don't think the payments themselves were of a significant enough value, either individually or collectively, I don't think, on balance, there would've been enough reason for Revolut to have had concerns that Miss S was at possible risk of financial harm. I therefore think it was reasonable for Revolut to assume the payments were being made for legitimate crypto purposes. And so, it follows that I wouldn't have expected Revolut to have taken steps or carry out additional checks before processing the payments.

Whilst maintaining that position, for argument and completeness, I've also thought about whether *any* further intervention by Revolut would have likely made a difference and prevented Miss S's loss. And I don't think it would've done.

Miss S was clearly caught up in a sophisticated crypto investment scam. But she'd not been unexpectedly targeted – it had been her choice to invest – having been introduced to the investment by a family member. Miss S has also told us she heard about the investment from:

'... family and friends who were already cashing out returns'.

Miss S said she also attended a seminar – on the advice of her family member - with over 700 interested investors; and was provided convincing looking literature offering attractive

returns. She also said she was supported by a representative of 'I' in the investment process and has provided us with a video made by an investor talking about his successful investment and encouraging others to get involved.

This all suggests to me that Miss S was completely caught up in the scam. And even if Revolut had spoken to her about the payments and warned her of the potential risk, I think it's more likely than not Miss S would've sought reassurances from her friends and family who were also investing, or from the representative from 'I' who'd been guiding her through the process and with whom she was in regular contact. I also can't see there were any Financial Conduct Authority (FCA) or any other regulatory warnings about 'I' at the time the payments were made. And so, if Revolut had suggested to Miss S that she check the FCA website, or carry out further checks into 'I', I think it's unlikely she'd have seen anything of obvious concern.

I've considered next whether, on being alerted to the scam, Revolut could reasonably have done anything more to recover Miss S's losses, but I don't think it could. The only possible option for recovery here, given the payments were made by debit card, would have been via a chargeback claim.

The fraud chargeback claim Revolut made on Miss S's behalf failed because she authorised the payments and I can't see anything unreasonable here. Revolut could've raised a dispute chargeback claim against 'M' - but given these payments were for the purchasing of crypto with a legitimate firm ('M'), I don't think a dispute chargeback claim would've been successful as Miss S received the service she paid for (crypto). As such, I think it was reasonable for Revolut not have raised a dispute chargeback claim against 'M'.

I have a great deal of sympathy for Miss S and the loss she's suffered. But it would only be fair for me to direct Revolut to refund her loss if I thought it was responsible – and I'm not persuaded that this was the case. For the above reasons, I think Revolut has acted fairly and reasonably and so I'm not going to tell it to do anything further.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision **before 2 May 2024**.

Anna Jackson
Ombudsman