

The complaint

Mr M complains that Revolut Ltd didn't do enough to protect him from the financial harm caused by an investment scam, or to help him recover the money once he'd reported the scam to it.

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.

In October 2022, Mr M saw an advert on social media for an investment company I'll refer to as "C", which was endorsed by a well-known celebrity. He followed a link on the advert to C's website which included an about us section, FAQs, and a 24/7 live chat option. The website also provided details of the company directors, giving a brief synopsis of their experience, and confirmed traders can access currency pairs, stocks and nine different cryptocurrencies.

Based on the positive reviews he saw online and the company website, Mr M decided to complete an online enquiry form and was contacted the following day by someone who I'll refer to as "the scammer" who claimed to work for C. The scammer said he had experience working for various financial institutions and told Mr M he'd be given a trading account and that he would be given advice on what to invest in. He instructed Mr M to open an account on C's trading platform which required him to provide two forms of photo ID as part of the KYC and Anti-Money Laundering (AML) regulations. He also told him to download AnyDesk remote access software to his device, explaining it would allow him to trade on his behalf and guide him through the process.

The scammer gave Mr M login details for his trading account, which showed the fluctuating rates of various currencies. He also told him to open an account with W. He told him there was no minimum investment but the higher the deposit, the higher the profits.

On 22 November 2022, the scammer used AnyDesk to process a payment of £250 from an account he held with Bank B for membership to C. Mr M was then told to transfer funds from Bank B to an Electronic Money Institution ("EMI") which I'll refer to as W. From there he would purchase cryptocurrency through a cryptocurrency exchange company I'll refer to as "B" and then load it onto an online wallet.

In February 2023, Mr M told the scammer he wished to make a withdrawal. The scammer told him he'd have to pay a series of fees including insurance, a 25% liquidity fee, and capital gains tax. At this point, the scammer encouraged him to open an account with Revolut explaining it was standard practice to dedicate an account for associated fees and costs. The scammer assisted with opening the account while remotely accessing his device via AnyDesk. Mr M then funded the account with several high-value credits and on 10 February 2023 and 11 February 2023, he transferred £8979 and £5700 to account details provided to him by the scammer.

Upon processing the final payment, Mr M was asked for more funds and the scammer grew aggressive and suggested he was at risk of losing everything should he fail to pay the fees. At this point Mr M realised he'd been scammed and complained to Revolut, stating he wanted it to refund the money he'd lost and pay him £500 compensation and legal fees.

Revolut refused to refund any of the money he'd lost. It said it contacted the beneficiary account soon after Mr M reported the scam but no funds remained. It said it stopped the first payment, asked Mr M about the purpose of the transfer and warned him about scams and signals which would indicate he was at risk of fraud. The warnings were provided in full-screen mode and he was given a link to its blog and offered the chance to consult with its customer support specialists before proceeding.

Mr M wasn't satisfied and so he complained to this service with the assistance of a representative who argued Revolut should have intervened as Mr M made two payments to a new payee in two days and the value of the payments was unusual for the account. They said the account was newly opened and had been funded with several high value credits which were immediately transferred out to a new payee. They said that Revolut ought to have asked Mr M whether there were any third parties involved, how they got his details, whether he'd been promised a plausible rate of return and whether he'd made any withdrawals. They said he hadn't been told to lie and he was confident the investment was genuine so he would have explained he was being assisted by a third party and Revolut would have recognised the investment was a scam and stopped it from escalating further.

Revolut further commented that before the first payment, Mr M was given a warning which he acknowledged before proceeding. The warning stated: *"Do you know and trust this payee? If you're unsure, don't pay them, as we may not be able to help you get your money back. Remember, fraudsters can impersonate others, and we will never ask you to make a payment."*

It explained Mr M also received a set of dynamic educational story messages to warn him about the risks associated with the payment. When asked about the purpose of the payment, he said it was for an 'investment' which resulted in a further, more granular set of messages warning him there was a high probability that the payment was a scam. He was then given the option to cancel the payment or read its scam advice.

Our investigator didn't think the complaint should be upheld. He explained that Revolut had blocked the first transaction and presented Mr M with written warnings which he was satisfied were effective. He was asked to select the purpose of the payment which resulted in a tailored warning advising him to verify the investment was genuine and warning him to only purchase cryptocurrency from reputable companies.

Further, based on the fact he refused to answer questions when Bank B intervened on 8 December 2022, he didn't think Mr M would have answered honestly if Revolut had contacted him to ask further questions. He also noted that W had contacted him in February 2023 in respect of other high-value transfers out of the account. During this interaction Mr M stated 'please do not hold transfers around my account, it is in my personal use and control and if transfers will hold and be stuck, it will make my business and via that my regular life, complicated'. So, he didn't think there was anything further Revolut could reasonably have done to uncover the scam.

Finally, our investigator was satisfied Revolut had contacted the receiving bank but no funds remained. And he didn't think he was entitled to any compensation. Mr M has asked for his complaint to be reviewed by an Ombudsman.

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 M 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 M '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, he is presumed liable for the loss in the first instance.

There's no dispute that this was a scam, but although Mr M 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

Revolut was an emoney/money remittance provider and at the time these events took place it wasn't subject to all of the same rules, regulations and best practice that applied to banks and building societies. But it was subject to the FCA's Principles for Businesses and BCOBS 2 and owed a duty of care to protect its customers against the risk of fraud and scams so far as reasonably possible.

I've thought about whether Revolut could have done more to prevent the scam from occurring altogether. Revolut ought to fairly and reasonably 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 M 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 M from financial harm due to fraud.

When Mr M made the first payment, he was presented with a written warning and a set of dynamic educational story messages to warn him about the risks associated with the payment. As this was a newly opened account and there would have been no indication that Mr M was buying cryptocurrency, even though £8,979 is high-value and there had been several high-value credits into the account, I'm satisfied a written warning was proportionate to the risk and that it was in line with what we would expect in these circumstances.

However, even if I concluded that Revolut should have gone further and contacted Mr M to ask some more detailed questions about the payment, I agree with our investigator that its unlikely to have made a difference. This is because, when Bank B contacted him to discuss a payment he was trying to make to a cryptocurrency exchange on 8 December 2022, the call handler tried to question him about the payment and he did confirm he was buying cryptocurrency. But he refused to give any further information about the payment insisting it was private and that he didn't have to answer. Critically, he didn't disclose any information about the investment and the call handler was prevented from asking any probing questions.

Based on what took place during the call with Bank B, if Revolut had contacted Mr M, I think it's unlikely he'd have cooperated or provided enough information for it to have identified that he was being scammed and so I don't think the outcome would have been any different. In

reaching this conclusion I've also considered the comments he made on 23 February 2023 when W contacted him about high-value transactions from that account and the fact he proceeded with the first payment from the Revolut account despite having been presented with relevant written warnings.

I'm satisfied Mr M was convinced the investment was genuine to the extent that he wasn't willing to engage with any of the banks interventions or pay attention when he was given warnings. So, even if Revolut had contacted him, I don't think this would have prevented his loss.

Finally, I've also considered whether Revolut ought to have intervened the following day when Mr M made a further transfer to the same payee. I accept there were two payments on consecutive days but as this was no longer a new payee, the second payment was lower than the first and Mr M had already been given a written warning, there would have been no cause for concern.

Compensation

Mr M isn't entitled to any compensation.

Recovery

Revolut has confirmed that it attempted to recover the funds but no funds remained. Overall, 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 M 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 M to accept or reject my decision before 25 April 2024.

Carolyn Bonnell
Ombudsman