

The complaint

Mr C complains that Revolut Ltd didn't do enough to prevent him being the victim of an investment scam.

What happened

The details of this complaint are well known to both parties, so I won't repeat everything again here.

Mr C was contacted by an investment company after he'd searched online for long term investments and then came across cryptocurrency. He set up an account with Revolut as part of the scam. He also set up two accounts with genuine cryptocurrency platforms. Mr C spent all his savings on the scam and then took out a £50,000 loan to continue to fund the investment. This scam spanned from mid-December 2021 to January 2022. Payments of note are on the morning of 21 December 2021, when Mr C made his 4th and 5th card payments to the scam from his Revolut account, sending £5,000 and then £3,400 within a minute of each other.

Mr C complained to Revolut when he realised he'd fallen victim to a scam and asked for it to refund him what he'd lost. It didn't uphold his complaint and said it wasn't able to pursue a chargeback claim for him either. Mr C brought his complaint to our service, but ultimately our investigator didn't uphold it. They said that Revolut should have intervened on the payments on 21 December 2021, but that it wouldn't have been able to unravel the scam and so prevent Mr C's losses. Mr C asked for an ombudsman to review the complaint as he disagreed this was the case.

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 in agreement with the investigator that Mr C's second payment on 21 December 2021 ought to have triggered an intervention by Revolut. In line with regulatory rules and guidance, relevant codes of practice and good industry practice at the time, it should've been looking out for suspicious or unusual activity on Mr C's account that could indicate he was at risk of financial harm. Mr C only opened the account for this scam, so when he made the payments on 21 December 2021, it was still a new account without much of a spending history. But I consider sending two payments, £5,000 followed by £3,400, to a cryptocurrency merchant within one minute of each other should've been considered suspicious activity. Especially as this meant Mr C had sent over £13,000 to cryptocurrency in 24 hours.

Looking at Mr C's account, I think Revolut needed to have a conversation with him when he made the 5th payment to the scam, the £3,400, to understand what he was doing and why he was sending these funds. He was making frequent, large payments to the same payee, a cryptocurrency merchant. Revolut didn't intervene on the 5th payment, or in fact any other payments Mr C sent. So I accept that Revolut hasn't done what it should have in relation to

the payments made. But this doesn't mean that Mr C is then automatically due a refund. I have to consider what is most likely to have happened if Revolut had contacted Mr C – and in this case I'm not persuaded it would've been able to uncover the scam.

Mr C has provided us with the messages between him and the scammer and we're also aware they had phone calls. It's clear from the messages and what Mr C has told us he was being coached by the scammer and had a huge amount of trust in what he was being told. We can see in the messages that Mr C is sharing the 'blocked payment' messages he receives when he's trying to move money to Revolut from his bank. It's also clear they discussed the Revolut account as in the messages he asks the scammer to 'remind him' what he's meant to say in relation to why he has the Revolut account. Mr C also takes out a loan to fund this investment, but he describes it as a 'home improvement loan' despite the purpose of the funds always being for this investment.

By his bank, Mr C is asked to go into his branch in relation to the transfers he tries to send to Revolut and he lets the scammer know this. The scammer responds saying *"Ok don't let them break you!"*. Mr C later tells the scammer he was there for around two hours, and he says they *"interrogated me with questions and more questions"*. I can see from the branch notes we obtained that he was questioned about the payments, spoke to the fraud team and kept a long time. But he is then able to move the money he wanted. This was the day before the first payment I think Revolut should've intervened on, when Mr C was trying to top up his Revolut account with these same funds. You can also see from the messages that the scammer has told Mr C the banks just want to hold onto his money, which he believes. And that Mr C is hiding the full extent of what he's doing from his family.

In this case we have limited information about what Mr C was asked by his bank, so this interaction alone doesn't mean the scam couldn't be unravelled by Revolut. I acknowledge the action of moving money between accounts in your own name differs from purchasing cryptocurrency in your own name. But looking at the situation as a whole – a two-hour interaction with his bank involving the fraud team that didn't prevent the transfers; a loan applied for under false pretences; coaching messages and calls with the scammer; how invested and under the spell of the scam Mr C was – I'm not persuaded Revolut could've uncovered this was a scam investment. Mr C's behaviour indicates he would've sought help from the scammer had Revolut intervened. And that he would've misled Revolut if necessary, as he did with his bank, to ensure he could make these payments to his Binance account.

I understand that Mr C has been the victim of a sophisticated scam and that he has lost a large sum of money, but I can't fairly hold Revolut responsible for his loss. The scammer had clearly predicted issues with the payments and so got ahead of this with what he told Mr C. The scammer had gained his trust and so Mr C was then willing to lie to his bank to make the necessary payments. And it also seems that the scammer arranged for Mr C to receive fake 'scam calls' so they could 'prevent' Mr C falling victim to these callers, further proving their legitimacy and strengthening Mr C's trust. I can't see that contact from Revolut would've been able to break the spell, or that Mr C would've given away something which meant that despite what he was telling it, it should've refused to make the payments.

I have thought about whether there were any recovery options for Mr C in relation to the remaining funds, but we're aware he purchased cryptocurrency from a legitimate supplier which he sent onto the scam, so the party he paid is not the party who's scammed him. This means that Revolut wouldn't be able to recover the funds, as Mr C did receive the service he paid for.

My final decision

For the reasons set out above, I don't uphold Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 18 April 2024.

Amy Osborne
Ombudsman