

The complaint

Mr Q has complained, via a representative, that Revolut Ltd (“Revolut”) have failed to refund the money he lost as part of an investment scam.

What happened

The details of this complaint are well known to both parties, so I will not repeat everything again here. Instead, I will focus on giving the reasons for my decision.

In summary though, a friend of Mr Q introduced him to a company that I will call B. Mr Q received a call from B. B then persuaded Mr Q to send funds to crypto exchanges via a debit card and one bank transfer. These funds were then used to purchase crypto and were then sent on to B.

The payments that Mr Q made in relation to the scams were as follows;

Transaction Number	Date	Type of Payment	Amount
1	28 March 2022	Card Payment	£150
2	29 March 2022	Card Payment	£500
3	31 July 2022	Card Payment	£18,224
4	5 September 2022	Card Payment	£8,400
5	21 November 2022	Card Payment	£20,380
6	8 December 2022	Card Payment	£1,000
7	8 December 2022	Card Payment	£1,000
8	9 December 2022	Card Payment	£1,000
9	9 December 2022	Card Payment	£2,500
10	28 December 2022	Card Payment	£1,500
11	17 January 2023	Card Payment	£150
12	24 January 2023	Card Payment	£820
13	27 January 2023	Card Payment	£2,000
14	1 February 2023	Card Payment	£1,000

15	15 February 2023	Card Payment	£2,210
16	7 March 2023	Card Payment	£1,402.48
17	7 March 2023	Card Payment	£995.48
18	7 March 2023	Transfer	£4,550
19	8 March 2023	Card Payment	£1,156.33
20	9 March 2023	Card Payment	£1,408
21	9 March 2023	Card Payment	£427.23

I issued a provisional decision on 15 August 2024 in which I said the following;

“I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

It isn’t in dispute that Mr Q authorised the disputed payments he made from his Revolut account. The payments were requested by him using his legitimate security credentials provided by Revolut, and the starting position is that Revolut ought to follow the instructions given by its customers, in order for legitimate payments to be made as instructed.

However, I’ve considered whether Revolut should have done more to prevent Mr Q from falling victim to the scam, as there are some situations in which it should reasonably have had a closer look at the circumstances surrounding a particular transaction. For example, if it was particularly out of character.

In this instance Mr Q’s Revolut account was relatively new. So Revolut did not have enough information to say what Mr Q’s usual activity looked like. That said, I agree that Revolut should have queried transaction 3. But had it done so I don’t think that any interventions or warnings would have uncovered or prevented the scam.

I say this because it is clear that Mr Q was being coached by the scammer as he was given a cover story if asked about the payments which was to say that he was purchasing an overseas holiday. So I think its likely Mr Q would have tried to mislead Revolut about the payments that he was making, this is highlighted by him trying to not answer Revolut, when it intervened during payment 19.

So I think Revolut ought to have intervened at transaction 3 asked questions. But had it done so, I think it is likely, albeit on balance, that Mr Q would’ve answered the questions in a way which would not have made Revolut aware that he was being scammed.

If Revolut had intervened and provided a general crypto warning, despite Mr Q likely misleading it as to the purpose of his transactions, I don't think it would have altered his decision to go ahead with the transactions. Mr Q clearly believed at the time that B was legitimate. Mr Q said that his friend withdrew his profits whereas he decided to leave his funds with B to generate larger returns. There were no credible warnings online at the time about B either. Mr Q also told a different provider that he thinks that there had been a change in management at B and this is why they later scammed him. This again suggests that Mr Q was satisfied that B was a legitimate company, at least prior to him not being able to withdraw his profits. So to me this suggests that when Revolut should have intervened Mr Q would have likely carried on with the transactions despite any warning it may have provided.

There is an argument that Revolut should have intervened again for payment 5. But by this time the crypto exchange was not a new payee and the gaps between the payments were not indicative of a scam. So I don't think that Revolut needed to intervene again. The remainder of the transactions I also don't think merited an intervention due to their size and the pattern of payment.

I've also thought about whether Revolut could have done more to recover the funds after Mr Q reported the fraud. But in this instance, in relation to the debit card payments to crypto exchanges, a chargeback claim would not have been successful, as he received the crypto he had paid for. It was only when Mr Q transferred the crypto on to the scammers did the loss occur.

I am unsure of what payments 16,17,19, 20 and 21 were for as I can't find out what the company paid did. But from the information provided by Mr Q I can't see that there would be sufficient grounds for Revolut to have attempted a chargeback as it has not really been explained what the payments were for and if Mr Q got what he paid for. Revolut are also under no obligation to refund the money to Mr Q under the Contingent Reimbursement Model (CRM) Code either, as it is not a part of this code.

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

Revolut did not add any further points in response to my provisional decision. Mr Q's representative responded and I've summarised its points below.

- Revolut's intervention was insufficient and an appropriate intervention with open ended questions would have uncovered the scam
- The level of Mr Q's coaching by the scammer was minimal and any probing questions asked by Revolut would have uncovered the real purpose for the payments. Especially as the cover story was that the payments were for a holiday, and it is unlikely that someone would pay for a holiday via a crypto exchange
- As Revolut did not intervene and ask questions we don't know that Mr Q would have attempted to mislead it
- Any warning given by Revolut about the common features of crypto scams would have been heeded
- The fact that Mr Q was introduced to the scammer by someone he knew makes little difference to whether the scam would have been stopped by an intervention from Revolut

- As B had a FCA warning on 20 December 2022 the limited intervention at payment 19 should have uncovered and stopped the scam

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 agree that Revolut's intervention was not sufficient, but I still don't think that had it intervened appropriately the scam would have been uncovered or stopped and I've explained why below.

I accept that the cover story given to Mr Q may not have held up if he said he was making payments to a crypto exchange to purchase a holiday. That said I can see that his other current account provider made Mr Q go to a branch to release some payments and the notes suggest that he did use the holiday cover story in a persuasive enough manner to get his account unblocked and the payments released to go to Revolut.

This suggests that he was prepared to actively mislead his account providers in order to get the payments released. Had Revolut intervened I think he also would have actively misled it as well and whilst saying that the payments were for a holiday may not have worked, I think it likely that he would have provided Revolut with a different story.

I also note Mr Q's representatives' comments that the coaching was minimal and there is no evidence that Mr Q was contacting the scammer to ask what to say. But given the very limited correspondence that has been provided between Mr Q and the scammer I can't see how extensive the coaching was and I think on balance it was likely more than indicated by Mr Q given that he was able to convince his other account provider that the payments were not part of a scam.

Moreover, from the limited correspondence provided it indicates that Mr Q was trying to arrange calls when his wife was not around which suggests that he trusted what B was doing was legitimate and was willing to mislead his wife as to what he was doing. Taking all of this into consideration I think albeit on balance that had Revolut intervened more than it did I don't think that the scam would have been uncovered.

Mr Q's representative has explained that a general warning about the common features of crypto currency scams would have stopped him from continuing to make the payments and would have stopped the scam. I don't think that this is the case. He clearly believed that what he was doing was legitimate he was introduced to the scam by someone he had met in real life and this person said he had made and withdrawn his profits from the scam. I note Mr Q's representatives' comments that being introduced to the scam by someone he knew make little difference to causation i.e., whether a warning would have stopped the scam. But knowing someone personally who actually made and had withdrawn profits in my opinion makes a significant difference in making B seem legitimate.

In relation to the intervention around payment 19 (actually this was payment 18) Mr Q was not forthcoming about what he was purchasing or why, it is still unclear now as to what the payments towards the end of the scam were for. I don't think that there being a warning on the FCA database about B would have made Revolut aware that Mr Q was being scammed as I don't think that Mr Q would have mentioned B to it.

At this point Mr Q seems to have been given an on-screen warning by Revolut saying he was likely being scammed but he decided to proceed anyway. This suggests that a general warning provided would not have stopped Mr Q. I also think it likely that had Revolut stopped the payment Mr Q may have found alternative means to make that and the following payments as he clearly wanted the payments to go through.

So having taken everything into consideration for the reasons above and in my provisional decision I do not uphold this complaint.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Q to accept or reject my decision before 25 October 2024.

Charlie Newton
Ombudsman