

## **The complaint**

Mr A complains that Revolut Ltd won't refund the money he lost when he was the victim of a scam.

## **What happened**

In February 2023, Mr A was talking to a friend at work about investments. The friend told him how well their investments were doing and about the trading platform they used. And, as Mr A was interested, the friend then arranged for someone from the investment company that ran the trading platform to contact him.

Mr A then received a phone call from someone who said they worked as a broker for the investment company. The broker helped Mr A open accounts with Revolut and a cryptocurrency exchange, and showed him how to purchase cryptocurrency and send it to the platform. And Mr A then made a card payment of £5,000 from his Revolut account to purchase cryptocurrency, which he then sent on to wallet details the broker gave him.

Unfortunately, we now know the investment company was a scam. The scam was uncovered after Mr A asked to withdraw some of the profit the platform showed he had been making, but was told he had to pay a significant amount in fees before he could do so. Mr A then discovered he had been the victim of a scam and reported the payment he had made to Revolut.

Revolut investigated but said Mr A had authorised the payment, so it didn't agree to refund the money he had lost. Mr A wasn't satisfied with Revolut's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They didn't think anything we would have expected Revolut to have done would've prevented the scam or Mr A's loss. So they didn't think Revolut should have to refund the payment he made. Mr A disagreed with our investigator, so the complaint has been passed to me.

## **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.

In broad terms, the starting position at law is that an Electronic Money Institution ("EMI") such as Revolut is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

Taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable in February 2023 that Revolut should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – (as in practice Revolut sometimes does);
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

But, even if Revolut had recognised that Mr A was at heightened risk of financial harm from fraud when making this payment, I don't think the action I would have expected it to take would have prevented his loss. I'll explain why below.

I'm satisfied Revolut ought to have recognised that Mr A was at heightened risk of financial harm when he made this payment. It was for what I consider to be a significant amount and was identifiably related to cryptocurrency, which at this time I think Revolut ought to have recognised meant it carried an elevated risk of being related to a fraud or scam.

I think a proportionate response to the risk I think Revolut should have identified would have been for it to provide Mr A with a tailored warning relevant to cryptocurrency investment scams, setting out some of the key features of this type of scam. But, had it done this, I'm not persuaded that it would have prevented Mr A's loss.

Mr A has said that another bank he holds an account with, and that he transferred money into his Revolut account from before making the payment to purchase cryptocurrency, intervened and called him when he made that transfer. He's said this other bank warned him about fraud and asked him about the reason for the transfer, but that the broker had told him to say the transfer was to send money to family.

He's also said he'd given the broker remote access so they could monitor the action he was taking on his phone, and that the broker had foreseen the questions he was asked by his banks and was guiding him through the process.

So even if Revolut had shown Mr A a tailored written warning about cryptocurrency investment scams here, I think he would likely have followed the broker's instructions and continued to make the payment – as happened when the other bank intervened.

I appreciate that Mr A has been the victim of a cruel scam and that my decision will come as a disappointment to him. He has lost a significant amount of money and I sympathise with the position he has found himself in. But I can only look at Revolut's responsibilities and, for the reasons I've set out above, I don't think anything I would reasonably have expected Revolut to have done would have prevented the loss he suffered. And so I don't think it would be fair to require Revolut to refund the payment Mr A made.

We also expect firms to take reasonable steps to try to recover any money their customers have lost as a result of a scam, including making use of any available chargeback scheme. But a chargeback can only be made against the company the card payment was made to, which in this case is the cryptocurrency exchange Mr A purchased the cryptocurrency from. And I haven't seen anything to suggest the cryptocurrency exchange did anything wrong or did anything other than just process the cryptocurrency transactions as they were instructed to. So I don't think any chargeback claim against the cryptocurrency exchange would be successful, and so Revolut has acted reasonably in not carrying one out.

### **My final decision**

I don't uphold this complaint.

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

Alan Millward  
**Ombudsman**