

## The complaint

Ms L complains that Revolut Ltd won't refund money she lost when she fell victim to a scam.

Ms L is being represented by a claims management company in this complaint.

## What happened

The detailed background to this complaint is well known to both parties and has been previously set out by the investigator. So, I'll provide a brief overview and focus on giving my reasons for my decision.

Ms L made three payments totalling just over £40,000 from her Revolut account in August 2021 (Payments 1 and 2) and January 2022 (Payment 3) in connection with an investment opportunity she had heard about from a family friend. She entered into short-term commodities futures contract with a company "Q" which was based overseas, expecting to make a profit at the end of the term.

Ms L received some dividends in 2022, and £12,000 of her initial investment was also returned to her later that year. However, the individual at Q she was dealing with (who appears to have been based in the UK), kept delaying the repayment of the remaining investment.

Ms L reported Q as a scam to Revolut in July 2023.

## 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 agree with the conclusions reached by the investigator for these reasons –

- The first question I need to consider in any case where an allegation of scam has been made is to determine, so far as is reasonably possible, whether the complainant has in fact been scammed. This is important because the expectation on payment service providers, including electronic money institutions like Revolut to be on the look-out for and protect their customers against the risk of fraud and scams isn't triggered where a scam hasn't taken place.
- Having carefully considered the information currently available, and the arguments put forward by Ms L's representative, I've not seen sufficient evidence to conclude that Ms L has lost money to a scam. I can see that a petition to wind up Q was first made to the court in October 2022 and the firm has since gone into liquidation. The fact that other creditors took legal action against Q isn't in and of itself conclusive evidence that Q's purpose in procuring the funds from Ms L at the relevant time was fraudulent. I note there are no regulator warnings published about Q and I haven't seen any adverse information about it in the public domain either.

- I understand that Ms L says the individual she was communicating with had told her that Q was regulated by the UK's financial services regulator, the Financial Conduct Authority ("FCA"). I've seen the contracts, as well as correspondence between Ms L and the individual over a popular instant messaging service, and they don't refer to the FCA. Having done a backdated internet search, neither does Q's website. That's not to say claims of such nature could not have been made. I accept there's a possibility that misrepresentations were made. But I must weigh up all the information that's currently available to me.
- I note that Ms L received a quarter of her investment back (into another account) when she requested a withdrawal. I find such action highly surprising if Q was intending to defraud its investors as has been claimed. As is often the case with investment scams, victims are able to make small withdrawals to entice them to invest even larger sums of money. But that isn't what happened here. Ms L wasn't asked to invest more money when she asked to make a withdrawal. Her request was honoured (albeit not the full amount).
- I understand the point Ms L's representative is making about high returns being promised. But as far as I can tell, Ms L was aware that Q was registered in a country in Southeast Asia and her commodities futures trading contract was based in that country (her contract with it sets this out). And what might be considered unusually high rates of return for the UK economy might not be the same in another part of the world. On the point about claims of guaranteed returns, I can see that in response to an information request by the investigator Ms L said, *"We had agreed to use our funds to purchase agricultural products that we can sell after six months, with the intent of making a profit due to the expectation of selling at a higher price by purchasing them in advance. Unfortunately, the anticipated outcome did not materialise, and we did not make the projected gains"* (my emphasis). This response suggests that Ms L was aware that returns weren't guaranteed.
- So, having weighed up everything currently available, I'm not persuaded that the purpose of obtaining Ms L's money itself was fraudulent such that it leads me to conclude that she was scammed.
- Even if further evidence comes to light in the future which lends itself to Q likely being a scam, I consider it unlikely that any intervention by Revolut at the time of the payments would have positively impacted Ms L's decision-making. From what I've seen, she proactively contacted the individual about making an investment after having heard about Q through someone she knew. This suggests that she had already been persuaded to some extent to invest in Q before she made contact with it. We know Revolut initially declined one of the payments and provided a written warning about scams in general. Had it gone further and made enquiries, I think Ms L would have mentioned to Revolut that Q was regulated by the FCA if that was her understanding at the time. This would have given Revolut some reassurance that Ms L had done her due diligence.
- To be clear, I wouldn't have expected Revolut to have carried out checks on Q. I would have expected it to have asked Ms L to satisfy herself that everything was above board by independently checking the information she'd been given by Q. Given how she found out about the opportunity, the fact that other members of her family had invested, and she could have verified Q's regulatory status if she wanted to prior to being prompted by Revolut, I'm not convinced that Ms L would have looked into things further following an intervention by Revolut. Even if she had and discovered that the company her contract was with wasn't FCA regulated, as the investigator

highlighted and I agree, not being regulated in the UK doesn't automatically mean a firm is operating a scam.

- Thinking about recovery next, Revolut states it attempted recovery after being notified about the matter. But the beneficiary bank responded and said no funds remained for recovery. Considering Ms L didn't contact Revolut until July 2023 when the payments were made several years prior, and Q went into liquidation during that time, it isn't surprising that Revolut received that response from the beneficiary bank.

In summary, I know Ms L will be extremely disappointed with my findings, not least because the matter has been ongoing for some time and it involves a considerable sum of money. But for the reasons I've explained above, I haven't found that Revolut acted unfairly or unreasonably.

### **My final decision**

For the reasons given 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 Ms L to accept or reject my decision before 2 October 2024.

Gagandeep Singh  
**Ombudsman**