

The complaint

Mrs O has complained that Revolut Ltd (“Revolut”) failed to protect her from falling victim to an investment-related scam.

What happened

The background of this complaint is already known to both parties, so I won’t repeat all of it here. But I’ll summarise the key points and then focus on explaining the reason for my decision.

Mrs O has used a professional representative to refer her complaint to this service. For the purposes of my decision, I’ll refer directly to Mrs O, but I’d like to reassure Mrs O and her representative that I’ve considered everything both parties have said.

Mrs O explains that she came across an investment opportunity (“the scam”) whilst watching a video online about the supposed investment company. She’s explained that after doing some research on the company, she got in touch with it and ultimately begin investing in several different industries such as foreign exchange, cryptocurrency and commodities. Mrs O says the investment company had a heavy presence in the investment market and held large investment-related events which persuaded her that it was genuine. She also says she was shown testimonials from other alleged investors who’d received large bonuses and been able to lead a desirable lifestyle.

Mrs O says she was promised 3.5 times her initial investment and she was shown screenshots and videos of people showing their initial investments of £10,000, and withdrawals of £35,000 just over a year later.

The payments Mrs O sent in relation to the scam were as follows:

Date	Amount
06/05/2022	£5
06/05/2022	£850
06/05/2022	£50
21/06/2022	£5
21/06/2022	£4,995
22/06/2022	£5,000
15/10/2022	£5,000
Total	£15,905

Mrs O says that when she first started investing she was able to withdraw a small amount of her profits. She explains that after a few months the scammers began to impose time restrictions on when she was able to make withdrawals, and this culminated in her being unable to make any withdrawals at all.

Mrs O realised she’d been scammed when the scam was uncovered in the media as a Ponzi scheme.

Mrs O made a complaint to Revolut, in which she said it failed to contact her to question the unusually large payments she was making. Revolut didn't uphold the complaint, as it didn't think Mrs O carried out sufficient checks before making the alleged investment. Mrs O wasn't happy with Revolut's response, so she referred her complaint to this service.

Our investigator considered everything and didn't think the complaint should be upheld. He explained that he didn't think the transactions were so out of character that Revolut should've been concerned that they might've been being sent as part of a scam.

As Mrs O didn't accept the investigator's opinion, the case has been passed to me to make a decision.

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 sorry to disappoint Mrs O but having considered everything I'm afraid I'm not upholding her complaint, broadly for the same reasons as our investigator, which I've set out below.

In broad terms, the starting position is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And in this case it's not in question whether Mrs O authorised these payments from leaving her account. It's accepted by all parties that Mrs O gave the instructions to Revolut and Revolut made the payments in line with those instructions, and in line with the terms and conditions of Mrs O's account.

But that doesn't always mean that the business should follow every instruction without asking further questions or intervening to ensure requests coming from their customers are firstly genuine, and secondly won't result in harm.

Revolut says that when Mrs O gave it the instruction to create the payee and make the first payment, it showed the following warning: "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." It says that Mrs O acknowledged this warning and then proceeded to make the payment.

Revolut didn't intervene in the next three payments, but I don't think it should have. I say this because the transactions were all of a fairly low value, and even cumulatively their total was less than £1,000.

Although the fourth payment was a much higher value, at £4,995, in the specific circumstances of this complaint I also don't think it was wrong for Revolut not to intervene. Although I do accept this payment was higher than those before it, it was identifiably going to a cryptocurrency exchange, and buying cryptocurrency is one of the reasons Mrs O gave for opening her Revolut account. The payee had also been set up for several weeks, and four payments had been sent to it before. With these points in mind I think it was reasonable for Revolut to consider the payment a lower risk than it might otherwise have done, and not to have intervened.

Revolut also says that when Mrs O attempted to make the fifth payment for £5,000 on 22 June 2022 held the payment as it says its fraud detection systems identified it as suspicious. It says it sent Mrs O a questionnaire related to the purpose of the payment, and it gave her the option to read more information about scams, cancel the payment, or proceed with it.

Mrs O chose to make the payment. At this stage Mrs O selected that the payment was for “goods and services” meaning she was shown a warning in relation to this particular reason. Whilst I note Mrs O acknowledged seeing this warning and chose to make the payment regardless, but this is possibly because the warning she was shown wasn’t relevant to the actual reason Mrs O was making the payment – although I don’t hold Revolut responsible for that. And with this in mind, although it was ineffective, I think giving a specific written warning was a proportionate intervention at this stage, given the points I’ve previously mentioned.

I also note that throughout the time Mrs O was sending funds to the cryptocurrency exchange, she also received four credits from the same payee. I think it’s fair to say this likely contributed towards Revolut being satisfied that the payee was known and trusted by Mrs O, and that she wasn’t at risk of financial harm by sending funds to it.

Having considered everything I don’t consider Revolut missed an opportunity to intervene in these payments, nor that it ought to have done something more than it did before they were sent. Whilst I don’t dispute that Mrs O has been the victim of a scam and lost a lot of money here, I don’t hold Revolut responsible for that. It intervened at the points I’d have expected, and those interventions were proportionately robust, without unduly or repeatedly disrupting Mrs O.

I’m very sorry that Mrs O has fallen victim to this scam, and I understand that Mrs O began investing as her husband’s ill health had led to some financial worries, so she was looking to make a better return on her savings. But having considered everything, and whilst I know my decision will be disappointing, I don’t hold Revolut responsible for what Mrs O has unfortunately lost.

Recovery of the funds

As Revolut wasn’t made aware of the scam until around 18 months after it took place, and as the funds were sent to her Mrs O’s own account at the cryptocurrency exchange, at which point she converted them into cryptocurrency and forwarded them on to the scammer, Revolut wasn’t able to recover anything Mrs O lost as part of this scam.

Although I know it’ll be disappointing for Mrs O, I think that’s a reasonable explanation, and there’s nothing else Revolut could or should have done here.

My final decision

I don’t uphold Mrs O’s complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs O to accept or reject my decision before 28 October 2024.

Sam Wade
Ombudsman