

The complaint

Mrs K's complaint is about Revolut Ltd's refusal to reimburse her money she says she lost due to a scam.

Mrs K is represented by Wealth Recovery Solicitors in this matter. However, where appropriate, I will refer to Mrs K solely in this decision for ease of reading.

What happened

The circumstances of this complaint are well known to all parties concerned, so I will not repeat them again here in detail. However, I will provide an overview of events.

Mrs K is a customer of Revolut. In short, she says she was deceived by fraudsters into making payments towards what she thought was a legitimate "*accessible cryptocurrency investing scheme*" with a company called, HyperVerse. The payments in question were all fund transfers:

Payment Number	Time	Date	Beneficiary	Method	Amount
1	20:13	4 April 2022	Nexo	Transfer	€ 10
2	07:24	5 April 2022	Nexo	Transfer	€ 11.98
	11:13	5 April 2022		Exchange	€ 1,196.70
3	20:16	5 April 2022	Nexo	Transfer	€ 9,176.89
4	12:31	6 April 2022	Nexo	Transfer	€ 47.94
5	16:57	6 April 2022	Nexo	Transfer	€ 59.97

Mrs K disputed the above with Revolut. When it refused to reimburse her, she raised a complaint which she also referred to our service.

One of our investigators considered the complaint and did not uphold it. In summary, the investigator thought that Payment 3 (above) should have prompted Revolut to intervene and provide Mrs K with a warning about general scam risks. The investigator also thought that the 'exchange' was not a loss. Mrs K rejected the investigator's findings stating, in short, that an effective intervention from Revolut in Payment 3 would have made a difference. That is, if Revolut had questioned Mrs K and checked the FCA register to see HyperVerse – this would have uncovered the scam. Mrs K made no observations about the exchange.

As Mrs K did not accept the investigator's findings, this matter has been passed to me to make a decision.

What I have 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 find that the investigator at first instance was right to reach the conclusion she did. This is for reasons I set out in this decision.

I would like to say at the outset that I have summarised this complaint in far less detail than the parties involved. I want to stress that no discourtesy is intended by this. If there is a submission I have not addressed, it is not because I have ignored the point. It is simply because my findings focus on what I consider to be the central issues in this complaint.

The Payment Services Regulations

The regulations which apply in this matter are the Payment Services Regulations 2017 ("the PSRs").

Should Revolut have recognised that Mrs K was at risk of financial harm from fraud?

It is not in dispute that Mrs K authorised the payment transactions in this matter. Generally, consumers are liable for payments they have authorised. However, that is not the end of the story. This is because even if a payment is authorised, there are regulatory requirements and good industry practice which suggest firms – such as Revolut – should be on the look-out for unusual and out of character transactions to protect their customers from financial harm. And, if such payment transactions do arise, firms should intervene before processing them. That said, firms need to strike a balance between intervening in a customer's payment to protect them from financial harm, against the risk of unnecessarily inconveniencing or delaying a customer's legitimate transactions.

I have borne the above in mind when considering the payment transactions in this matter.

Payment 3

I acknowledge that based on Mrs K's account activity, an argument could be made to suggest that Payment 3 was not unusual and out of character. However, I have considered the nature of Payment 3, the fact it was made to a new payee and for a relatively high amount (albeit under £10,000). Having done so, I am persuaded that Payment 3 (set out above) was slightly unusual and out of character.

Given the above aggravating factors, I think there was an identifiable risk. Therefore, Payment 3 should have triggered Revolut's fraud detection systems; prompting it to intervene before releasing the transaction to try to protect Mrs K from financial harm. I am mindful of when Payment 3 occurred, which was in April 2022. I have taken this together with the aggravating factors present. In doing so, my view is that a proportionate intervention to the risk identified would have been for Revolut to provide Mrs K with a written warning that broadly covered scam risks. I am not satisfied that the aggravating factors present – particularly given the account activity – justified a human intervention.

If Revolut had intervened, would that have made a difference?

As I have taken the view that Payment 3 should have triggered an intervention by Revolut, I

must now turn to causation. Put simply, I need to consider whether Revolut's failure to intervene caused Mrs K's loss. To do this, I need to reflect on whether such an intervention (described above) would have likely made any difference. Having done so, I am not persuaded that it would have. I take the view that, on the balance of probabilities, Mrs K would have frustrated Revolut's attempt to intervene; and she would have alleviated any concerns Revolut had.

I have reached this view for the following reasons.

First, amongst other things, Mrs K says that she, "... *first came across the Fraudsters through the recommendation of a friend, who had been investing with the fraudsters and having success.*" Mrs K says she has known this friend since the end of 2017. Mrs K discussed the 'investment opportunity' with her friend several times over a few months, but "... *waited at least six months to see how it was working for her friend before deciding to invest.*" Further, Mrs K says that her friend told her she was able to withdraw money regularly when required. I have no doubt that these observations and comments would have reassured Mrs K that her payments were being made to a legitimate enterprise – particularly given the fact that a friend she had known for some time stated she was able to make withdrawals.

Secondly, Mrs K says she was provided with a 'white paper' which set out comprehensive information about HyperVerse. Mrs K's representatives submit, amongst other things, "*These documents were highly professional, presenting themselves as a legitimate company, with a long term plan. This convinced our client that this was a genuine investment opportunity giving her the confidence to invest.*" The submissions go on to say, "*The visibility of the founders themselves, again instilled a sense of confidence in our client, as this is not the typical behaviour of a fraudulent entity.*" Mrs K was clearly taken in by the documents provided and visibility of the 'founders'.

Thirdly, Mrs K says the fraudsters created a 'community' through the investment group. She explains that she was part of a community WhatsApp group; presentations were held up to five nights a week; she attended weekly Zoom meetings with the 'community leaders'; and during these events she heard testimonials from other people who said they had successfully invested with the HyperVerse. To my mind, this 'community' would have placed Mrs K even more under the fraudsters' spell.

In my judgment, the above are a combination of persuasive factors. When taken as a whole, they suggest that had Revolut intervened in Payment 3 (in the way I have described above): it is likely Mrs K would have frustrated this; and would have alleviated any concerns Revolut had.

Other payment transactions

I have thought about whether the other payments in this matter should have triggered an intervention from Revolut. Having done so, I am not persuaded they should have. I say this because of the absence of any significant aggravating factors surrounding those payments. However, even if it could be argued otherwise, I am not persuaded that such interventions would have likely been successful for the same reasons I have set out above regarding Payment 3.

Recovery of funds

Mrs K made her last payment on 6 April 2022, and reported the scam to Revolut in February 2024.

The likelihood that even if prompt action had been taken by Revolut in or immediately after February 2024, any of the money transferred would have been successfully reclaimed seems slim. I say this because of the time that had elapsed between Mrs K's last payment and when she reported the scam. In these types of scams, fraudsters tend to withdraw/transfer out their ill-gotten gains immediately to prevent recovery. Further or alternatively, as Mrs K's payments were made to purchase cryptocurrency – which would have been forwarded on in this form – there would not have been any funds to recover.

For these reasons, I am satisfied that it is unlikely Revolut could have done anything to recover Mrs K's funds.

Vulnerabilities

Mrs K's representatives submit:

“Our client had no trading experience and was facing financial pressures leading her to invest her children's inheritance from their grandparents into the Hyperverse scheme. Revolut failed to contact our client to question the transactions. We consider that our client was vulnerable to the scam as a result of not being aware of the risks associated with cryptocurrency and it therefore would not have been reasonable to expect our client to have protected herself at the time, to the extent of the impact she suffered.”

Based on the evidence before me, I cannot see that Revolut knew or ought to have known that Mrs K – as her representatives submit – was facing financial pressures.

Compensation for distress and/or inconvenience

I have considered whether an award for distress and/or inconvenience is warranted in this matter. Having done so, I am not persuaded that it is. I have not found any errors in Revolut's investigation. Any distress and/or inconvenience Mrs K has suffered is a result of the fraudsters' actions – not Revolut.

Conclusion

Taking all the above points together, I do not find that Revolut has done anything wrong in the circumstances of this complaint. Therefore, I will not be directing Revolut to do anything further.

My final decision

For the reasons set out above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 28 March 2025.

Tony Massiah
Ombudsman