

## **The complaint**

Mr G complains that Revolut Ltd hasn't refunded him after he fell victim to a scam.

## **What happened**

I set out the background to this complaint in my provisional decision (PD), issued on 21 November 2024. Rather than repeat the detail here, I've attached a copy of the PD at the end of this final decision, in *italics*.

Mr G responded to the PD to say he accepted the findings. Revolut didn't respond. As the deadline for further submissions has now passed, I'm moving to issue my final 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 explained in my PD my intention to uphold the complaint and my reasons for doing so. Nothing has changed since issuing that PD. Mr G accepted and Revolut provided no further argument or evidence.

I see no reason to depart from the findings and reasoning set out in my PD. I uphold Mr G's complaint.

## **Putting things right**

Revolut should now:

- Refund 50% of Mr G's loss from payment three onwards (£32,750);
- Pay interest at 8% per year simple on £4,000 of that refund, calculated from the date of loss to the date of settlement. I've reached the figure of £4,000 here as Mr G has said only a total of £8,000 was his own money. And so it wouldn't be fair and reasonable for interest to be paid on funds he'd borrowed from other people.

## **My final decision**

I uphold this complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 3 January 2025.

## **Provisional decision – issued 21 November 2024**

*I've considered the relevant information about this complaint.*

*[My intention is to uphold this complaint, which is a different outcome to that reached by our investigator. And as such I am setting out my own findings to give each party an opportunity*

*to comment before I issue my final decision.*

*The deadline for both parties to provide any further comments or evidence for me to consider is 5 December 2024. Unless the information changes my mind, my final decision is likely to be along the following lines.*

*If Revolut Ltd accepts my provisional decision, it should let me know. If Mr G also accepts, I may arrange for the complaint to be closed as resolved at this stage without a final decision.*

### **The complaint**

*Mr G complains that Revolut Ltd hasn't refunded him after he fell victim to a scam.*

### **What happened**

*The background to this complaint is well-known to both parties and so I'll only summarise the background here.*

*Mr G received a message from someone he didn't know. On the face of it, it appeared as though someone had tried to message a friend but gotten a wrong number and messaged Mr G instead. But this was in fact a fraudster in search of a victim. Sadly, Mr G didn't realise that at the time and engaged with them.*

*The scammer said they'd contacted Mr G by accident, but the two of them continued to chat, building a relationship over a few weeks. It wasn't long before the scammer started to discuss investing in cryptocurrency. Mr G was drawn in by what the scammer told him and was persuaded to try investing.*

*The scammer showed Mr G how to set up a trading account on a website that had been especially made for the scam. He was instructed to set up a cryptocurrency wallet and was told he'd need to credit his trading account using that wallet.*

*Mr G started with a small payment of £100 and all seemed to be going ok. He could see his investment started to generate returns. The scammer told him that if he wanted to make better returns, he'd have to up his level of investment. He paid a further £1,500 and again saw his returns grow. At this point he was able to withdraw £461.99 from the trading platform to his cryptocurrency wallet and then on to his Revolut account.*

*Satisfied with how things were going, and encouraged by the scammer, Mr G decided to invest much more. Over the course of eight days Mr G sent a further seventeen payments, totalling £65,500. All payments toward the scam were made using Mr G's Revolut debit card details. I've set out the payments made in the table below:*

<i>Date</i>	<i>Time</i>	<i>Amount</i>
<i>26 April 23</i>	<i>20.21</i>	<i>£100</i>
<i>28 April 23</i>	<i>17.51</i>	<i>£1,500</i>
<i>01 May 23</i>	<i>15.35</i>	<i>£5,000</i>
<i>01 May 23</i>	<i>16.02</i>	<i>£3,300</i>
<i>01 May 23</i>	<i>18.50</i>	<i>£4,000</i>
<i>01 May 23</i>	<i>19.35</i>	<i>£4,000</i>
<i>01 May 23</i>	<i>20.10</i>	<i>£2,000</i>

02 May 23	20.49	£5,000
02 May 23	21.04	£5,000
02 May 23	21.18	£1,400
03 May 23	9.04	£4,500
04 May 23	7.58	£3,900
05 May 23	15.59	£5,000
05 May 23	16.01	£5,000
07 May 23	17.55	£5,000
07 May 23	18.36	£2,400
08 May 23	14.12	£5,000
08 May 23	14.13	£5,000

*To finance these payments, Mr G transferred money into his Revolut account from an account he held elsewhere. A lot of the money was borrowed from Mr G's friends, on the understanding he'd repay them once he'd drawn down his returns.*

*Mr G realised he'd been scammed when he was unable to withdraw anything more from the investment. He was told he needed to pay more money in to do so and he had nothing left. He searched for the supposed investment company online and found warnings about it and then contacted Revolut to report the scam.*

*Revolut looked into what had happened but said it was unable to help. It told Mr G it was unable to reverse any of the payments or otherwise reimburse him. He then brought his complaint to our service.*

*One of our investigators initially upheld the complaint and said Mr G ought to have been warned about cryptocurrency scams by Revolut. And that had Revolut done what it ought to have, the scam could have been avoided. She also acknowledged that Mr G's actions hadn't been reasonable throughout, given he'd taken the word of someone he didn't really know and hadn't carried out any checks on the legitimacy of the proposed investment. On that basis she said responsibility for the loss ought to be shared between Mr G and Revolut equally. She recommended Revolut refund 50% of all payments from 1 May 2023 onward.*

*Mr G accepted the findings, but Revolut didn't. It felt it wasn't responsible for Mr G's loss given the payments were made to a legitimate cryptocurrency platform and the loss had then occurred from there. It said, in summary, it didn't have a duty to protect Mr G and it wasn't fair and reasonable for it to be held accountable for his losses.*

*Our investigator then gathered some further evidence, including copies of calls between Mr G and the bank where his other account was held (from which money had been paid into his Revolut account). The calls were interventions from that bank, questioning the purpose of the payments. Mr G did tell the bank that the payments were for cryptocurrency, but our investigator felt he didn't reveal the full truth behind what he was doing. On that basis, she then said she didn't think a suitable intervention from Revolut would have made a difference and Mr G would likely have still gone on to make payments. And so she changed her recommendation to say Revolut had acted fairly and reasonably in denying Mr G a refund.*

*Mr G didn't accept the revised findings and so the complaint has been passed to me for a decision.*

## ***What I've provisionally 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 intend on upholding the complaint. I'll explain why.*

*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.*

*And, as the Supreme Court has recently reiterated in Philipp v Barclays Bank UK PLC, subject to some limited exceptions banks have a contractual duty to make payments in compliance with the customer's instructions.*

*In that case, the Supreme Court considered the nature and extent of the contractual duties owed by banks to their customers when making payments. Among other things, it said, in summary:*

- The starting position is that it is an implied term of any current account contract that, where a customer has authorised and instructed a bank to make a payment, it must carry out the instruction promptly. It is not for the bank to concern itself with the wisdom or risk of its customer's payment decisions.*
- At paragraph 114 of the judgment the court noted that express terms of the current account contract may modify or alter that position. In Philipp, the contract permitted Barclays not to follow its consumer's instructions where it reasonably believed the payment instruction was the result of APP fraud; but the court said having the right to decline to carry out an instruction was not the same as being under a legal duty to do so.*

*In this case, the terms of Revolut's contract with Mr G modified the starting position described in Philipp, by – among other things – expressly requiring Revolut to refuse or delay a payment "if legal or regulatory requirements prevent us from making the payment or mean that we need to carry out further checks" (section 20).*

*So Revolut was required by the terms of its contract to refuse payments in certain circumstances, including to comply with regulatory requirements such as the Financial Conduct Authority's Principle for Businesses 6, which required financial services firms to pay due regard to the interests of their customers and treat them fairly. I am satisfied that paying due regard to the interests of its customers and treating them fairly meant Revolut should have been on the look-out for the possibility of fraud and refused card payments in some circumstances to carry out further checks.*

*In practice Revolut did in some instances refuse or delay payments at the time where it suspected its customer might be at risk of falling victim to a scam.*

*I must also take into account that the basis on which I am required to decide complaints is broader than the simple application of contractual terms and the regulatory requirements referenced in those contractual terms. I must determine the complaint by reference to what is, in my opinion, fair and reasonable in all the circumstances of the case (DISP 3.6.1R) taking into account the considerations set out at DISP 3.6.4R.*

*Whilst the relevant regulations and law (including the law of contract) are both things I must take into account in deciding this complaint, I'm also obliged to take into account regulator's guidance and standards, relevant codes of practice and, where appropriate, what I consider to have been good industry practice at the relevant time: see DISP 3.6.4R. So, in addition to*

*taking into account the legal position created by Revolut's standard contractual terms, I also must have regard to these other matters in reaching my decision.*

*Looking at what is fair and reasonable on the basis set out at DISP 3.6.4R, I consider that Revolut should in May 2023 have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances.*

*In reaching the view that Revolut should have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances, I am mindful that in practice all banks and EMI's like Revolut did in fact seek to take those steps, often by:*

- using algorithms to identify transactions presenting an increased risk of fraud;<sup>1</sup>*
- requiring consumers to provide additional information about the purpose of transactions during the payment authorisation process;*
- using the confirmation of payee system for authorised push payments;*
- providing increasingly tailored and specific automated warnings, or in some circumstances human intervention, when an increased risk of fraud is identified.*

*For example, it is my understanding that in May 2023, Revolut, whereby if it identified a scam risk associated with a card payment through its automated systems, could (and sometimes did) initially decline to make that payment, in order to ask some additional questions (for example through its in-app chat).*

*I am also mindful that:*

- Electronic Money Institutions like Revolut are required to conduct their business with "due skill, care and diligence" (FCA Principle for Businesses 2), "integrity" (FCA Principle for Businesses 1) and a firm "must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems" (FCA Principle for Businesses 3)<sup>2</sup>.*
- Over the years, the FCA, and its predecessor the FSA, have published a series of publications setting out non-exhaustive examples of good and poor practice found when reviewing measures taken by firms to counter financial crime, including various iterations of the "Financial crime: a guide for firms".*
- Regulated firms are required to comply with legal and regulatory anti-money laundering and countering the financing of terrorism requirements. Those requirements include maintaining proportionate and risk-sensitive policies and procedures to identify, assess and manage money laundering risk – for example through customer due-diligence measures and the ongoing monitoring of the business relationship (including through the scrutiny of transactions undertaken throughout the course of the relationship). I do not suggest that Revolut ought to have had concerns about money laundering or financing terrorism here, but I nevertheless consider these requirements to be relevant to the consideration of Revolut's obligation to monitor its customer's accounts and scrutinise transactions.*

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<sup>1</sup> For example, Revolut's website explains it launched an automated anti-fraud system in August 2018: [https://www.revolut.com/news/revolut\\_unveils\\_new\\_fleet\\_of\\_machine\\_learning\\_technology\\_that\\_has\\_seen\\_a\\_fourfold\\_reduction\\_in\\_card\\_fraud\\_and\\_had\\_offers\\_from\\_banks/](https://www.revolut.com/news/revolut_unveils_new_fleet_of_machine_learning_technology_that_has_seen_a_fourfold_reduction_in_card_fraud_and_had_offers_from_banks/)

<sup>2</sup> Since 31 July 2023 under the FCA's new Consumer Duty package of measures, banks and other regulated firms must act to deliver good outcomes for customers (Principle 12), but the circumstances of this complaint pre-date the Consumer Duty and so it does not apply.

- *The October 2017, BSI Code<sup>3</sup>, which a number of banks and trade associations were involved in the development of, recommended firms look to identify and help prevent transactions – particularly unusual or out of character transactions – that could involve fraud or be the result of a scam. Not all firms signed the BSI Code (and Revolut was not a signatory), but the standards and expectations it referred to represented a fair articulation of what was, in my opinion, already good industry practice in October 2017 particularly around fraud prevention, and it remains a starting point for what I consider to be the minimum standards of good industry practice now (regardless of the fact the BSI was withdrawn in 2022).*
- *Revolut should also have been aware of the increase in multi-stage fraud, particularly involving cryptocurrency when considering the scams that its customers might become victim to. Multi-stage fraud involves money passing through more than one account under the consumer's control before being sent to a fraudster. Our service has seen a significant increase in this type of fraud over the past few years – particularly where the immediate destination of funds is a cryptocurrency wallet held in the consumer's own name. And, increasingly, we have seen the use of an EMI (like Revolut) as an intermediate step between a high street bank account and cryptocurrency wallet.*
- *The main card networks, Visa and Mastercard, don't allow for a delay between receipt of a payment instruction and its acceptance: the card issuer has to choose straight away whether to accept or refuse the payment. They also place certain restrictions on their card issuers' right to decline payment instructions. The essential effect of these restrictions is to prevent indiscriminate refusal of whole classes of transaction, such as by location. The network rules did not, however, prevent card issuers from declining particular payment instructions from a customer, based on a perceived risk of fraud that arose from that customer's pattern of usage. So it was open to Revolut to decline card payments where it suspected fraud, as indeed Revolut does in practice (see above).*

*Overall, 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 May 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); and*
- *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.*

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<sup>3</sup> BSI: PAS 17271: 2017" Protecting customers from financial harm as result of fraud or financial abuse"

*Whilst I am required to take into account the matters set out at DISP 3.6.4R when deciding what is fair and reasonable, I am satisfied that to comply with the regulatory requirements that were in place in May 2023, Revolut should in any event have taken these steps.*

*Should Revolut have recognised that Mr G was at risk of financial harm from fraud?*

*It isn't in dispute that Mr G has fallen victim to a cruel scam here, nor that he authorised the payments he made by card to his cryptocurrency wallet (from where that cryptocurrency was subsequently transferred to the scammer).*

*Whilst I have set out in detail in this decision the circumstances which led Mr G to make the payments using his Revolut account and the process by which that money ultimately fell into the hands of the fraudster, I am mindful that, at that time, Revolut had much less information available to it upon which to discern whether any of the payments presented an increased risk that Mr G might be the victim of a scam.*

*I'm aware that cryptocurrency exchanges generally stipulate that the card used to purchase cryptocurrency at its exchange must be held in the name of the account holder, as must the account used to receive cash payments from the exchange. Revolut would likely have been aware of this fact too. So, it could have reasonably assumed that the payments made would be credited to a cryptocurrency wallet held in Mr G's name.*

*By May 2023, when these transactions took place, firms like Revolut had been aware of the risk of multi-stage scams involving cryptocurrency for some time. Scams involving cryptocurrency have increased over time. The FCA and Action Fraud published warnings about cryptocurrency scams in mid-2018 and figures published by the latter show that losses suffered to cryptocurrency scams have continued to increase since. They reached record levels in 2022. During that time, cryptocurrency was typically allowed to be purchased through many high street banks with few restrictions.*

*By the end of 2022, however, many of the high street banks had taken steps to either limit their customer's ability to purchase cryptocurrency using their bank accounts or increase friction in relation to cryptocurrency related payments, owing to the elevated risk associated with such transactions. And by May 2023, when these payments took place, further restrictions were in place. This left a smaller number of payment service providers, including Revolut, that allowed customers to use their accounts to purchase cryptocurrency with few restrictions. These restrictions – and the reasons for them – would have been well known across the industry.*

*I recognise that, as a result of the actions of other payment service providers, many customers who wish to purchase cryptocurrency for legitimate purposes will be more likely to use the services of an EMI, such as Revolut. And I'm also mindful that a significant majority of cryptocurrency purchases made using a Revolut account will be legitimate and not related to any kind of fraud (as Revolut has told our service). However, our service has also seen numerous examples of consumers being directed by fraudsters to use Revolut accounts in order to facilitate the movement of the victim's money from their high street bank account to a cryptocurrency provider, a fact that Revolut is aware of.*

*So, taking into account all of the above I am satisfied that by the end of 2022, prior to the payments Mr G made in May 2023, Revolut ought fairly and reasonably to have recognised that its customers could be at an increased risk of fraud when using its services to purchase cryptocurrency, notwithstanding that the payment would often be made to a cryptocurrency wallet in the consumer's own name.*

*To be clear, I'm not suggesting as Revolut argues that, as a general principle (under the Consumer Duty or otherwise), Revolut should have more concern about payments being made to a customer's own account than those which are being made to third party payees.*

*As I've set out in some detail above, it is the specific risk associated with cryptocurrency in May 2023 that, in some circumstances, should have caused Revolut to consider transactions to cryptocurrency providers as carrying an increased risk of fraud and the associated harm.*

*In those circumstances, as a matter of what I consider to have been fair and reasonable, good practice and to comply with regulatory, Revolut should have had appropriate systems for making checks and delivering warnings before it processed such payments. And as I have explained Revolut was also required by the terms of its contract to refuse or delay payments where regulatory requirements meant it needed to carry out further checks.*

*Taking all of the above into account, and in light of the increase in multi-stage fraud, particularly involving cryptocurrency, I don't think that the fact most of the payments in this case were going to an account held in Mr G's own name should have led Revolut to believe there wasn't a risk of fraud.*

*It's evident that Mr G had moved from making no payments at all to cryptocurrency in the years his account had been opened to making them in quick succession, with the payment value escalating quickly. The more payments that were made, and the higher the value, the more the risk increased, and it ought to have been responded to by Revolut.*

*With these points in mind I am satisfied that Revolut ought to have recognised Mr G was at risk of financial harm through fraud by the time he made the first payment of £5,000 on 1 May 2023 (payment three overall).*

*What did Revolut do to warn Mr G?*

*Revolut hasn't suggested it provided any warnings to Mr G and has provided no evidence of doing so. Mr G says he received no warnings, and so it seems Revolut didn't provide any.*

*What kind of warning should Revolut have provided?*

*I've thought carefully about what a proportionate warning in light of the risk presented would be in these circumstances. In doing so, I've taken into account that many payments that look very similar to this one will be entirely genuine. I've given due consideration to Revolut's duty to make payments promptly, as well as what I consider to have been good industry practice at the time this payment was made.*

*Taking that into account, I think Revolut ought, when Mr G attempted to make payment three, knowing (or strongly suspecting) that the payment was going to a cryptocurrency provider, to have provided a warning (whether automated or in some other form) that was specifically about the risk of cryptocurrency scams, given how prevalent they had become by the end of 2022. In doing so, I recognise that it would be difficult for such a warning to cover off every permutation and variation of a cryptocurrency scam, without significantly losing impact.*

*So, at this point in time, I think that such a warning should have addressed the key risks and features of the most common cryptocurrency scams.*

*The warning Revolut ought fairly and reasonably to have provided should have highlighted, in clear and understandable terms, the key features of common cryptocurrency investment scams, for example referring to: being introduced to an investment by someone unknown or only recently met; an 'account manager', 'broker' or 'trader' acting on their behalf; the use of remote access software and a small initial deposit which quickly increases in value.*

*I recognise that a warning of that kind could not have covered off all scenarios. But I think it would have been a proportionate way for Revolut to minimise the risk of financial harm to Mr G by covering the key features of scams affecting many customers but not imposing a level of friction disproportionate to the risk the payment presented.*

*Whilst it's not necessary for me to do so I will also say that I find by the time Mr G made payment four Revolut needed to do even more. The risk had escalated again, and Mr G was making a substantial payment, again to a cryptocurrency wallet, and within thirty minutes of*



his previous payment. At this point, Revolut ought to have suspended the payment and spoken to Mr G, perhaps using the in-app chat feature.

If Revolut had provided a warning of the type described, would that have prevented the losses Mr G suffered from payment three?

I've thought carefully about whether a specific warning covering off the key features of cryptocurrency investment scams would have likely prevented any further loss in this case.

And on the balance of probabilities, I think it would have. There were several key hallmarks of common cryptocurrency investment scams present in the circumstances of Mr G's payments. That included how he was introduced to the supposed investment – through an apparent incorrect number message and where the introducer was essentially an unknown person, and certainly someone Mr G had never met.

I'm not sure what kind of returns Mr G was promised at the outset, but it seems more likely than not they were too good to be true. That is generally how these scams work, with a large return promised quickly in order to entice victims. And that it happened here is evidenced by the fact Mr G believed he'd made over £100,000 in returns within a week. This is a feature that Revolut is aware of and ought to have warned against.

Other circumstances of the scam Mr G was caught up in included using a seemingly professional website and the payment of small returns early on. Again, these are common features that ought to have been highlighted to Mr G.

I've already said that these common features ought to have been set out in the warning Revolut needed to give Mr G. And it follows that those features would have sounded very familiar to him and would have resonated with him.

I've also reviewed some of the text conversation between Mr G and the fraudsters. I've found nothing within those conversations that suggests Mr G was asked, or agreed to, disregard any warning provided by Revolut. I've also seen no indication that Mr G expressed mistrust of Revolut or financial firms in general that might have led to him considering disguising the truth.

Neither do I think that the conversation demonstrates a closeness of relationship that Revolut would have found difficult to counter through a warning. And I'm mindful Mr G did ultimately identify the scam himself, rather than through the intervention of any other party.

I've taken into account that Mr G had received modest returns at the point of suggested intervention, but the weight of evidence that I've outlined persuades me that Mr G was not so taken in by the fraudsters, or unwilling to take on warnings, that he wouldn't have listened to the advice of Revolut.

I know that there were two calls between Mr G and his other bank. They took place when he was transferring money from that account to his Revolut one. But, unlike our investigator, I don't find these calls suggest Mr G would always have proceeded with what he was doing, or that he would have ignored an appropriate warning from Revolut.

Mr G didn't lie about the reasons he was transferring to Revolut. He clearly told the bank it was for cryptocurrency investment. The other bank did then ask some questions about how the account had been opened and who was in control of it. But these questions were about his Revolut account. Mr G answered them honestly and there was no risk identified in his answers; he'd opened the account himself a few years earlier and was the only one with access. That was all true.

The other bank didn't then go on to probe into detail about how the investment had been discovered, how it operated, or anything else that might have otherwise revealed the hallmarks of a cryptocurrency scam. The closest the other bank came was to ask if Mr G was making the investments himself (he said he was) and whether there was a broker involved (he said there wasn't). Mr G was putting the money into the trading account himself

and so I can see why he answered that way. Arguably he ought to have explained there was an investment company he was working with. But the question was very brief and closed. So Mr G didn't have to stop and think about what he was doing, and there was no impactful attempt to discover the full circumstances. And, ultimately, there was no warning given about cryptocurrency scams and the common features weren't explained to him.

There's then no evidence to suggest Mr G did receive suitable warnings or education about cryptocurrency investment scams. And nor is there evidence to show it's more likely than not he would otherwise have ignored them and carried on regardless.

Therefore, on the balance of probabilities, had Revolut provided Mr G with an impactful warning that gave details about cryptocurrency investment scams and how he could protect himself from the risk of fraud, I believe it would have resonated with him. He could have paused and looked more closely into the broker before proceeding, as well as making further enquiries into cryptocurrency scams and whether or not the broker was regulated in the UK or abroad. I'm satisfied that a timely warning to Mr G from Revolut would very likely have caused him to take steps to look into the broker and supposed investment further – revealing the scam and preventing his further losses. The warning Mr G did find about the supposed investment was discoverable in April 2023. Had Mr G been encouraged to look for them at the time of making payment three, he would more likely than not have found them and the scam would have been revealed.

#### Is it fair and reasonable for Revolut to be held responsible for Mr G's loss?

In reaching my decision about what is fair and reasonable, I have taken into account that Mr G purchased cryptocurrency which credited an e-wallet held in his own name, rather than making a payment directly to the fraudsters. So, he remained in control of his money after he made the payments from his Revolut account, and it took further steps before the money was lost to the fraudsters.

I have carefully considered Revolut's view that in a multi-stage fraud, a complaint should be properly considered only against either the firm that is a) the 'point of loss' – the last point at which the money (or cryptocurrency) remains under the victim's control; or b) the origin of the funds – that is the account in which the funds were prior to the scam commencing. It says it is (in this case and others) merely an intermediate link – being neither the origin of the funds nor the point of loss and it is therefore irrational to hold it responsible for any loss.

In reaching my decision, I have taken into account that the payments were made to another financial business (a cryptocurrency exchange) and that the payments that funded the scam were made from another account at a regulated financial business.

But as I've set out in some detail above, I think that Revolut still should have recognised that Mr G might have been at risk of financial harm from fraud when he made the third payment, and in those circumstances, it should have presented a suitable warning, as described above. If it had taken those steps, I am satisfied it would have prevented the losses Mr G suffered. The fact that the money used to fund the scam came from elsewhere and/or wasn't lost at the point it was transferred to Mr G's own account does not alter that fact and I think Revolut can fairly be held responsible for Mr G's loss in such circumstances. I don't think there is any point of law or principle that says that a complaint should only be considered against either the firm that is the origin of the funds or the point of loss.

I've also considered that Mr G has only complained against Revolut. I accept that it's possible that other firms might also have missed the opportunity to intervene or failed to act fairly and reasonably in some other way, and Mr G could instead, or in addition, have sought to complain against those firms. But Mr G has not chosen to do that and ultimately, I cannot compel them to. In those circumstances, I can only make an award against Revolut.

*I'm also not persuaded it would be fair to reduce Mr G's compensation in circumstances where: the Mr G has only complained about one respondent from which they are entitled to recover their losses in full; has not complained against the other firm (and so is unlikely to recover any amounts apportioned to that firm); and where it is appropriate to hold a business such as Revolut responsible (that could have prevented the loss and is responsible for failing to do so). That isn't, to my mind, wrong in law or irrational but reflects the facts of the case and my view of the fair and reasonable position.*

*Ultimately, I must consider the complaint that has been referred to me (not those which haven't been or couldn't be referred to me) and for the reasons I have set out above, I am satisfied that it would be fair to hold Revolut responsible for Mr G's loss from X Payment (subject to a deduction for Mr G's own contribution which I will consider below).*

#### **Should Mr G bear any responsibility for his losses?**

*Our investigator found that Mr G ought to bear some responsibility for his loss (when she originally upheld the complaint), based on his own actions and them not having been reasonable throughout. Mr G accepted that position. And Revolut of course feels he ought to bear full responsibility anyway. That being the position of the two parties there is essentially an agreement that Mr G will bear at least some responsibility for his loss. And so I don't intend to go into much detail here.*

*It is the case that Mr G was drawn into the supposed investment by someone he didn't really know and had never met. It's then difficult to say he could fairly and reasonably put much trust or faith in this person. It then appears he was promised unrealistic rates of return which weren't questioned, though I do accept Mr G started with a small sum and appeared able to withdraw.*

*It also appears to be true that Mr G did little to look into the company behind the investment, despite the questionable circumstances of what was being offered. And, had he searched online, he would have found the same information that later revealed the scam.*

*And so I find it's fair and reasonable that he share responsibility for his loss and the redress he's to be paid can be reduced by 50%.*

#### **Putting things right**

*Subject to any further evidence or arguments from either party, I intend to find that Revolut should:*

- *Refund 50% of Mr G's loss from payment three onwards (£32,750);*
- *Pay interest at 8% per year simple on £4,000 of that refund, calculated from the date of loss to the date of settlement. I've reached the figure of £4,000 here as Mr G has said only a total of £8,000 was his own money. And so it wouldn't be fair and reasonable for interest to be paid on funds he'd borrowed from other people.*

#### **My provisional decision**

*I intend to uphold this complaint against Revolut Ltd.*

**Ben Murray**  
**Ombudsman**