

The complaint

Mr N complains about Revolut Ltd.

He says that Revolut didn't do enough to protect him when he fell victim to a cryptocurrency investment scam and would like it to refund him the money he has lost.

What happened

Mr N was contacted by an individual (now known to be a scammer) on social media and struck up a conversation with them. Initially the conversation wasn't related to crypto, but after a short time they began discussing employment and investing in crypto.

The conversation then moved to a different social media platform, where they began to discuss investing in more detail.

The scammer explained how they were making money from crypto and suggested that Mr N would be able to do the same. They persuaded him to raise money for the supposed investment by taking out a large loan with B, another bank.

Mr N then made the following payments from his account with Revolut – C is a legitimate crypto exchange.

Payment	Date	Payment type	Amount
1	27/07/2023	Declined	£37,278
2	27/07/2023	Transfer to C	£37,278
3	27/07/2023	Transfer to C	£2,798
4	28/07/2023	Credit from C	£2,798
5	28/07/2023	Transfer to C	£2,798
6	28/07/2023	Credit from C	£2,798
7	28/07/2023	Internal exchange	£2,000
8	28/07/2023	Internal exchange	£698
9	28/07/2023	Internal exchange	£64.31
10	28/07/2023	Transfer to Mr N (not disputed)	£2,618
		Total loss	£37,278

The scam unravelled when Mr N tried to make a withdrawal from his supposed investment but was told he needed to pay more money to do so. He refused to pay, and the scammer became hostile and blocked him.

He reported the scam to Revolut and made a complaint saying that it should have done more to warn him about the dangers, but it didn't uphold his complaint. So, he brought his complaint to this Service.

Our Investigator looked into this but didn't think that Mr N's complaint should be upheld. They said that while Revolut could have done more than it did, it did warn Mr N that it was

likely he was being scammed – and that even if Revolut had done more, they were not persuaded that Mr N wouldn't have wanted to continue with his payments.

Mr N didn't agree and asked for an Ombudsman to make a final decision, 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.

Having done so, I've decided not to uphold this complaint, for broadly the same reasons as our Investigator. I know this will be disappointing for Mr N, so I'll explain why.

In broad terms, the starting position at law is that banks and other payment service providers (PSP's) are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And I have taken that into account when deciding what's fair and reasonable in this case.

Mr N authorised the payments in question here – so even though he was tricked into doing so and didn't intend for the money to end up in the hands of a scammer, he is presumed liable in the first instance.

But this isn't the end of the story. As a matter of good industry practice, Revolut should also have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there is a balance to be struck: banks had (and have) obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider having been good industry practice at the time, I consider Revolut should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and 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 banks are generally more familiar with than the average customer.
- Have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.
- 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.

In this case, I need to decide whether Revolut acted fairly and reasonably in its dealings with Mr N when he authorised payments from his account or whether it could and should have done more before processing them.

Revolut has shown that it intervened on the initial payment Mr N made – which was ultimately declined as Mr N didn't complete the necessary steps to complete the transaction. It initially asked him to confirm through its app what the payment was for and was shown some educational screens about scams – and was then diverted to the live chat option. During this chat, Mr N was asked if he was making a payment after recently meeting someone online, which Mr N answered 'no', or if he had been asked to make an upfront payment for an investment. Mr N said it was going to his own crypto account with C, and that it would be better for it to be there. Revolut then went on to warn Mr N that this may be a scam – but Mr N said he wanted to continue.

Mr N then put through the same payment for a second time as the request had timed out – and was again shown the same educational screens as before and was again transferred through to the live chat option. Revolut asked him what the payment was for, and Mr N reiterated explained it was to his own crypto account with C. Revolut then asked him if he had been told to withhold information from it – and that if he had, then it was likely a scam, and that a scammer was attempting to avoid detection from its systems, and again explained that the payment was most likely a scam. But Mr N said he was happy to continue. Revolut also showed Mr N educational screens about scams for the two payments of £2,798.

I understand that Revolut has said that Mr N opened his account with the purpose of transfers and crypto payments, however I don't think that Revolut probed as deeply as it should have during these interactions – and it could have done more to explore the reasons for the payments Mr N was making – especially as it was aware that the payments were going to cryptocurrency which carries a higher level of risk, and the size of the payments. However, in order for me to uphold this complaint, I would have to think that a more thorough intervention from Revolut would have made a difference to the choices that Mr N ultimately made, and I'm afraid that I don't think that it would. I'll explain why.

Mr N funded the investment primarily through a loan with B – which doesn't provide loans for investment purposes, so I find it unlikely that Mr N told B the true purpose of his borrowing – and followed the guidance of the scammer to conceal what he was truly doing. I also think that while Revolut could have done more, it did ask Mr N if he had been contacted by anyone online about the payment or asked to withhold information from it – both of these things had happened, but Mr N did not divulge this to Revolut.

I can also see from the chats Mr N had with the scammer that he was being guided in what to say, should Revolut have questioned him about the payments – and to say that he was an experienced investor, and that no one was telling him what to do – and that he should say to Revolut that he would be willing to sign paperwork taking responsibility for what he was doing. And as Mr N had followed the scammers instructions, including taking out a very substantial loan, I am not persuaded that further questioning would have uncovered the scam.

I know that after the scam was reported to Revolut it did what it could to recover some of the funds from the receiving bank – and that £5,596 was returned to Mr N. I don't think that there was anything else it could have done to recover anything further as the funds had already been moved on.

I am very sorry for the situation Mr N now finds himself in, I know that he has lost a lot of money to a cruel and manipulative scam – but this is ultimately caused by the scammer, not Revolut. And I can't ask it to refund him when I don't think it would have been able to uncover the scam.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 4 February 2025.

Claire Pugh
Ombudsman