

The complaint

Mr W is unhappy Revolut Ltd (“Revolut”) won’t reimburse him for the money he lost when he fell victim to a scam.

What happened

The details and facts of this case are well-known to both parties, so I don’t need to repeat them at length here.

In short, Mr W says he saw an advert for a trading company on social media that I will call “B”. Mr W completed an enquiry form and was contacted by a representative of B.

Subsequently, Mr W made over 10 payments to a crypto exchange. The funds were then converted to cryptocurrency and were transferred on to B. He also made one direct crypto transfer. These payments took place between April and September 2023 and totalled over £30,000.

Mr W also sent one payment to a person who purported to be a representative of a current account provider that he held a business account with. This person said that he needed to send funds to a crypto exchange due to security concerns. My understanding is that he made one payment of £2,550 in October 2023 as part of this scam.

Shortly after this Mr W realised that he had been scammed twice.

Mr W made a complaint via a representative to Revolut and requested that the above transactions be refunded. It declined to do this.

One of our investigators looked into this matter and he thought that, due to the answers provided in an online chat between Mr W and Revolut, Revolut intervened appropriately and he did not think that Revolut could have uncovered or prevented the first scam. He also said that Revolut did not need to intervene in the second scam, due to the size of the payment.

As Mr W didn’t accept the investigator’s findings, the matter was referred for an ombudsman’s 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.

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.

But, 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 including in relation to card payments);
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multistage 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.

So, I've gone onto consider, taking into account what Revolut knew about the payments, at what point, if any, it ought to have identified that Mr W might be at a heightened risk of fraud that merited its intervention.

Firstly, I should explain that one of the transactions that formed that scam involved the direct transfer of crypto. This in itself is not a regulated activity. That said, we can look at the conversion into crypto and the deposit into the account that provided the funds for the exchange into crypto. However given the amount involved and its positioning in the pattern of payments, I don't think this particular transaction necessarily ought to have concerned Revolut.

Mr W's account was a new account, so Revolut did not have a payment history to compare the payments to, to understand what was typical expenditure for Mr W. Given this, I think that payment 1 was not large enough or formed a pattern indicative of a scam. That said though, payment 2 was clearly to a cryptocurrency exchange and was large enough, in my view, to have prompted an intervention from Revolut. So, I think that Revolut should have really been aware from payment 2, that Mr W was at a heightened risk of financial harm. I think a proportionate intervention at this point would have been a warning setting out the general risks of crypto scams.

Revolut did more than this as it asked questions about this payment in its online chat.

In this chat Mr W gave misleading answers to the questions asked. Some examples of this are;

- He said he had not downloaded Remote access software when he had.
- He had not come across the investment on social media, when in fact he had.
- He had not been encouraged to invest by someone he did not know or had only met recently online. When in fact he had been in contact with a broker from B.

I am not sure if Mr W gave misleading answers after being prompted by the scammer, as it seems that the conversations between him and the scammer are unavailable. One other alternative is that Mr W was worried that if he gave the correct answers to the questions being asked, the payments would be blocked.

Despite Mr W misleading Revolut, he was then provided with a warning outlining things that could be an indication he was being scammed. These included;

- Being contacted by phone, e-mail or social media about an investment opportunity
- Being offered a high return
- Being asked to install screen sharing software
- Being asked to open an account with a crypto exchange

Despite the scam that Mr W was falling for sharing a number of features with the above, Mr W went on to make the payments anyway. So I think that this shows that Mr W thought what he was doing was legitimate. So I don't think a more detailed warning would have stopped Mr W from making further payments.

I think that Revolut should have intervened again later in the scam. But had it done so, I still think it likely that Mr W would have provided similar answers to the above and this would not have prevented or uncovered the scam.

Ultimately, Revolut was only required to take proportionate steps to try and protect Mr W from financial harm. I'm not persuaded he would've shared anything concerning with Revolut had it questioned him more about what he was doing. I also don't think that, even if Revolut had been given the right information so that it could provide Mr W with a tailored scam warning, that he would've heeded any warnings – considering the clear trust he had in the opportunity.

In relation to the second scam, Mr W by this point had made a number of payments to crypto exchanges. And given that Revolut had already given Mr W a warning about investing in crypto and given the size of this transaction, I don't think that Revolut needed to intervene at all.

Overall, I think that Revolut could have intervened more than it did in relation to the first scam. But I don't think that it could have prevented the scam for the reasons set out above.

Could Revolut have done anything else to recover Mr W's money?

I've also thought about whether Revolut could have done more to recover the funds after Mr W reported the scam. In this instance the funds were transferred to crypto exchanges and then on to the scammer. So I don't think Revolut could have recovered the funds. Also, the Contingent Reimbursement Model (CRM) does not apply, as Revolut is not part of it.

I also don't think that a chargeback would be successful as essentially the card payments were a means of putting funds onto Mr W's crypto exchange account and this is what happened. So he got what he paid for.

So overall I don't think that the funds could have been recovered via other means.

I appreciate this will come as a disappointment to Mr W, and I'm sorry to hear he has been the victim a scam. However, I'm not persuaded that Revolut can fairly or reasonably be held liable for the losses that he said he incurred in these circumstances.

My final decision

Because of the reasons given above, I do not uphold this complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 30 May 2025.

Charlie Newton
Ombudsman