

The complaint

Mr N is being represented by solicitors. He's complaining about Revolut Ltd because it declined to refund money he lost as a result of fraud.

What happened

Sadly, Mr N fell victim to a cruel investment scam. In June 2023, he was befriended on social media by someone who, according to his representative was or had the potential to be a romantic partner, and encouraged him to trade cryptocurrency for profit. The scammer showed Mr N how to set up an account with a fake trading platform and he made the following series of payments to cryptocurrency exchanges that were then converted to cryptocurrency and transferred to the scammers:

No.	Date	Amount £
1	23 Jun	1,000
2	23 Jun	900
3	23 Jun	100
4	24 Jun	1,000
5	24 Jun	1,000
6	25 Jun	2,500
7	26 Jun	5,000
8	26 Jun	1,000
9	26 Jun	1,000
10	27 Jun	3,000
11	27 Jun	10,000
12	28 Jun	1,000
13	28 Jun	1,000
14	28 Jun	1,000
15	28 Jun	1,000
16	28 Jun	1,000
17	28 Jun	1,000

During the same period, Mr N also had payments worth around £17,500 back to his Revolut account from one of the cryptocurrency exchanges.

Our investigator didn't recommend the complaint be upheld. He noted Revolut has said it asked about the purpose of a number of the earlier payments and provided written warnings about investment and cryptocurrency scams, and also that it suspended account activity on 27 June so it could ask Mr N about the payments he'd been making using its in-app chat. Based on evidence from Mr N's chats with the scammer, he wasn't persuaded further questioning from Revolut would have led to the scam being uncovered as it appears he was seeking and receiving advice from the scammer about how to answer such enquiries.

Mr N didn't accept the investigator's assessment. His representative has argued Revolut's checks were inadequate. It says the account activity was suspicious enough that it should have asked more questions than simply the purpose of the payments in the early stages and

that the written warnings generated were vague and didn't necessarily apply to Mr N's situation. It also believes Revolut should have contacted Mr N by telephone to discuss the circumstances of the payments, including how he'd been introduced to the trading platform, and that if it had done so he'd have answered its questions honestly and the scam would have been uncovered.

The complaint has now been referred to me for review.

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 reached the same overall conclusions as the investigator, and for broadly the same reasons. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

In broad terms, the starting position at law is that an Electronic Money Institution (EMI) such as Revolut is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, '*authorised*' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

In this case, there's no dispute that Mr N authorised the above payments.

There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Revolut also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Revolut acted fairly and reasonably in its dealings with Mr N.

The payments

I've thought carefully about what information was available to Revolut at the time of the initial payments, including the amounts involved and the fact Mr N had purchased cryptocurrency previously. On balance, I think asking for the purpose of each payment and, when Mr N answered that he was investing in cryptocurrency, providing a tailored warning relating to investment scams was a proportionate response to the risks those payments presented. I appreciate not all of the potential issues highlighted were relevant to Mr N's particular situation, but it's not reasonable to have expected these warnings to be more relevant without Revolut asking further questions, which I don't believe was necessary at this stage.

By 27 June, Revolut appears to have decided the activity on Mr N's account was sufficiently concerning that it needed to ask more questions and this was done through its in-app chat. In my view, this type of human intervention should probably have taken place a day earlier, on 26 June. By this time, the size of the payments had begun to increase and a pattern of repeated payments in a short period of time – consistent with many common types of scam had begun to emerge.

During this intervention, Revolut warned Mr N that scammers can trick people into buying from fake websites and platforms and asked a number of questions about what he was doing, including which exchange he was using, whether anyone else had access to his funds, whether he'd been able to withdraw money and where he learned about the platform he was investing with.

Mr N answered that he was using reputable cryptocurrency exchanges, that no one else had access to his accounts and that he had been able to withdraw money. Based on these answers, Revolut allowed further payments to go through.

In the circumstances, I'm inclined to agree with Mr N's representative that Revolut should have asked more questions about the payments at this stage, including how he'd been introduced to the trading platform and whether anyone was guiding him through the process. Although I don't think these questions necessarily needed to be asked over the telephone and this process could just as legitimately have been completed using the in-app chat.

But I've also thought very carefully about whether a more robust intervention would have been successful in uncovering and stopping the scam. And, on balance, it's my view that Mr N would most likely still have wanted to go ahead with the payments.

For Revolut to have successfully identified Mr N was likely falling victim to a scam so it could warn him more clearly than it did, it would have needed accurate answers to any questions asked. I think the available evidence indicates this was probably unlikely. An extract of his online chat with the scammer indicates one of the cryptocurrency exchanges did ask more detailed questions of Mr N that were designed to establish a scam was taking place, including:

- whether anyone he only knew online was guiding him through the process of purchasing cryptocurrency;
- whether anyone had given him a wallet address to send his cryptocurrency to; and
- whether he was making a significant profit (more than 20%) of his initial investment.

The questions were also accompanied with a warning that many scammers target cryptocurrency users and *'something that sounds too good to be true - most often is some type of scam'*.

Instead of answering these questions accurately, Mr N copied them to the scammer who advised him to *'answer no to all'*. By following this advice, he effectively denied the cryptocurrency exchange the opportunity to identify a scam was taking place. Contrary to the suggestions made by his representative, I've no reason to believe Mr N would have answered further questions from Revolut any more accurately. The remainder of the chat history shows he was clearly impressed with what he believed the scammer was doing for him and that she gained a very high level of trust. It appears he was determined to proceed with the transactions and was prepared to say what he thought was necessary to ensure they went through.

I want to be clear that it's not my intention to suggest Mr N is to blame for what happened in any way. He appears to have been under the spell of a fraudster who was clearly adept at deceiving and manipulating victims. I can understand why he acted in the way he did. But my role is to consider the actions of Revolut and, having done so, I'm not persuaded these were the cause of his losses.

Recovery of funds

I've also looked at whether Revolut could or should have done more to try and recover Mr N's losses once it was aware the payments were the result of fraud.

Mr N transferred funds to legitimate cryptocurrency accounts in his own name. From there, he purchased cryptocurrency and moved it onto a wallet address of his choosing (albeit on the scammers' instructions). If Revolut tried to recover the funds, it could only have tried to do so from his own account and it appears all the money had already been moved on and, if not, anything that was left would still have been available to him to access.

As some of the payments outlined above were card payments, I've considered whether Revolut should have tried to recover the money through the chargeback scheme. This is a voluntary agreement between card providers and card issuers who set the scheme rules and is not enforced by law. A chargeback isn't guaranteed to result in a refund, there needs to be a right to a chargeback under the scheme rules and under those rules the recipient of the payment can defend a chargeback if it doesn't agree with the request.

We'd only expect Revolut to have raised a chargeback claim if it was likely to be successful and it doesn't appear that would have been the case here. Mr N paid legitimate cryptocurrency exchanges and would have received a service that involved changing his money into cryptocurrency before sending it to the wallet address he supplied it with. Mr N's disagreement is with the scammers, not the cryptocurrency exchanges and it wouldn't have been possible for Revolut to process a chargeback claim against the scammers as he didn't pay them directly.

Taking everything into account, I don't think anything that Revolut could have done differently would have led to these payments being successfully recovered.

In conclusion

I recognise Mr N has been the victim of a cruel scam and I'm sorry he lost such a large amount of money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I don't think any further intervention by Revolut would have made a difference to the eventual outcome and I won't be telling it to make any refund.

My final decision

My final decision is that I do not 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 20 May 2025.

James Biles
Ombudsman