

The complaint

Mr L says Revolut Ltd ('Revolut'), didn't do enough to help when he fell victim to an 'authorised push payment' ('APP') cryptocurrency investment scam. He says Revolut should reimburse him for the money he lost.

What happened

As both parties are familiar with the circumstances of this complaint, I've summarised them briefly below.

In late 2023, Mr L fell victim to a cryptocurrency investment scam. Mr L had been looking to invest and filled out his details online to register his interest in share investment opportunities. Mr L was then contacted by someone who purported to be from a legitimate investment firm – whom I'll call 'Company A'.

In short, Mr L was assigned a broker / account manager, and they assisted Mr L in setting up an account and signing up to Company A's trading platform, creating an account with a cryptocurrency exchange provider – whom I'll call 'K', a cryptocurrency wallet with another provider and also opening an account with Revolut. Mr L also downloaded 'AnyDesk' and the broker advised and demonstrated the trading platform, how to use other 'apps' and how to transfer and exchange fiat currency into cryptocurrency and send that on and withdraw his funds from his trading account with Company A.

Mr L started off by depositing a small amount, paid by card (through another banking provider). Mr L advised this made some returns. Mr L was then encouraged to invest more and to invest in cryptocurrencies – namely 'Tether' ('USDT') which is a cryptocurrency linked to the US Dollar, with the broker advising it provided good daily returns and was a safe investment.

Mr L made some further payments towards the investment and these also saw good returns.

Mr L was then informed of a 'leverage offer' which involved Company A adding funds to Mr L's trading account and which allowed Company A to do trading in different currencies such as buy USDT in US dollars and selling to Australian buyers in Australian dollars at higher rates. And Mr L was informed this gave very good daily profits.

Mr L proceeded with the offer and signed a leverage agreement (dated 15 January 2024) with Company A. The leverage agreement meant that Company A had supposedly loaned / added £51,734 to Mr L's account with those funds being used solely for the purpose of trading on Mr L's account with Company A.

As part of the leverage agreement, it also stated that if the trades were profitable, Mr L would have to cover the leverage amount upfront in order to withdraw the funds from his account with Company A. And the agreement also stipulated that the leverage amount couldn't be covered through any funds /profits made through the trading account.

Across 30 and 31 January 2024, Mr L made three payments (totalling £24,500) which went towards repaying the borrowed leverage amount. Mr L then received a supposed amount of 248,335 USDT into a cryptocurrency wallet that Mr L had control of. But Mr L wasn't able to withdraw or move these funds to K and convert them into fiat currency until the leverage amount had been repaid in full.

Mr L then made two further payments on 2 February 2024 (totalling £27,500) to enable the release of his USDT amount. Mr L attempted to move the funds from his cryptocurrency wallet to his account with K. When the cryptocurrency wasn't received into his account with K, Mr L contacted Company A who attempted to dupe Mr L further still by providing him with false information to show the payment of £27,500 (in cryptocurrency) had failed and he had to pay it again.

Mr L then contacted the cryptocurrency company that held his wallet, and enquired why the USDT hadn't been moved to his account with K. Mr L was advised that the USDT he thought was his and was attempting to send to his account with K was in fact a fake cryptocurrency, designed to look like the real USDT cryptocurrency, and was worthless.

Below are the payments Mr L made from his Revolut account to his cryptocurrency account held at K (which he then converted into cryptocurrency and sent on to the scammers).

	Date	Time	Type of payment	Amount
1	18 December 2023	14:57	Faster payment to Mr L's account at K	£1,000
2	28 December 2023	14:01	Faster payment to Mr L's account at K	£1,865
3	10 January 2024	15:44	Faster payment to Mr L's account at K	£1.00
4	16 January 2024	09:14	Faster payment to Mr L's account at K	£831
5	27 January 2024	20:20	Faster payment to Mr L's account at K	£1.00
6	30 January 2024	14:52	Faster payment to Mr L's account at K	£10,000
7	30 January 2024	16:25	Faster payment to Mr L's account at K	£11,000
8	31 January 2024	11:07	Faster payment to Mr L's account at K	£3,500
9	02 February 2024	09:36	Faster payment to Mr L's account at K	£15,000
10	02 February 2024	09:43	Faster payment to Mr L's account at K	£12,500
			TOTAL	£55,698

Mr L having realised he had been scammed reported the matter to Revolut to see if it could recover or reimburse him the money he had lost.

Revolut was unable to recover any of Mr L's funds and ultimately didn't consider it was liable for the losses Mr L incurred. Unhappy, Mr L brought his complaint to our service.

Our Investigator didn't recommend the complaint be upheld. They considered that Revolut didn't need to intervene or provide warnings when Mr L made the first five payments as they didn't consider there were sufficient grounds for Revolut to think Mr L was at risk of financial harm, although they acknowledged a warning was provided for payment 1. However, they thought Revolut ought to have intervened when Mr L made the payment for £10,000 (payment 6) as it was for a considerable amount and was identifiably going to a cryptocurrency exchange provider. But in the particular circumstances of this case, they didn't think it would have had a material effect on preventing the scam or Mr L's losses.

In short, they considered that Mr L, when moving money from his other accounts (held with banking providers whom I'll call 'S' and 'L') to Revolut, had been contacted by those banks. And Mr L had been inaccurate with both banks as to the reason for the payments. The investigator considered that Mr L in essence was under the spell of the scammer and had followed the scammer's advice in what to say in order to get the payments approved. So, the Investigator wasn't persuaded that Mr L would have acted differently had Revolut intervened.

The investigator also considered that Mr L had carried out some research and had come across a review of Company A that highlighted it was a scam, and Mr L had shared this online article with the scammer on 29 January 2024 (so shortly before he made payment 6 for £10,000). But the scammer was able to seemingly alleviate Mr L's concerns. So, our Investigator concluded that even had there been intervention from Revolut, it was more likely than not that Mr L wouldn't have heeded any warnings provided to him by Revolut in relation to cryptocurrency investment scams and would have likely proceeded with the payments.

Mr L disagreed with the Investigator's opinion. Mr L couldn't remember seeing any warning in relation to the first payment and felt that better, earlier and timely intervention would have made a difference. So, Mr L considers there were failings by Revolut and it should be held liable for its failings.

As the matter hasn't been resolved, it's been passed to me to decide.

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 deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

I'm very aware that I've summarised this complaint and the responses briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here – which is to determine whether Revolut could have prevented Mr L's losses. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

Having thought carefully about Revolut's actions, I'm not upholding Mr L's complaint. I do appreciate how disappointing this will be for him. Mr L was a victim of a cruel and very sophisticated scam, and he has lost a significant sum which has had a huge impact on his life. But in weighing everything up, so Revolut's actions (or inactions), the testimony and evidence Mr L has provided about what happened and information obtained and received from third parties (banks S and L), I don't think I can fairly say Revolut could have prevented Mr L's losses and so aren't liable to reimburse him. I'll explain why.

The relevant law and regulations in place 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 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.

Here, the payments were authorised by Mr L, through the Revolut app on his mobile device. So, the payments were authorised and under the Payment Services Regulations the starting position here is that Mr L is responsible for the payments (and the subsequent loss), despite the payments being made as a result of a scam.

But that isn't the end of the story, and taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have 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.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make 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.

What does this mean for Mr L?

Given the above, I've looked to see first, whether Mr L's transactions were unusual and out of character. And second, whether Revolut should have stepped in and intervened – so taking some additional steps or checks with Mr L about a payment.

But, and importantly, I have to determine whether these additional checks or steps would have put Revolut on notice that something might not be right, and that Mr L may be at risk of financial harm or revealed the scam. And I have to consider whether any intervention by Revolut would have made a difference and prevented Mr L from making the payments – thereby preventing the loss.

Here, Revolut carried out some actions on the first payment Mr L made (for £1,000). I appreciate Mr L has advised he doesn't remember seeing any warning – but Revolut has provided evidence that it paused the payment and asked some questions as to the purpose and provided some warnings around cryptocurrency investment scams. I think that was a proportionate response given the value of the payment. But there wasn't any further intervention by Revolut in relation to the payments Mr L made.

Looking at the activity, I don't think Revolut needed to carry out any additional checks or provide warnings for payments 1 – 5 as the amounts weren't so remarkable and they were spaced out over approximately one month. But I do think it ought to have had concerns about payment 6 which was for £10,000. It was for a considerable amount given the prior activity and amounts being sent, and so there was a risk that Mr L was potentially at risk from financial harm. So Revolut ought to have carried out some additional checks on the payment Mr L was making.

As mentioned above, despite any potential failings or shortcomings on Revolut's behalf – I have to consider whether intervention would have made a difference here overall. I have to weigh up what Mr L's belief was at the time he made the payments and take into account the narrative that he had been fed by the scammer, the actions he took and consider whether, overall, he would have proceeded with the payments in any event. This is the crux of the matter here.

Having considered this, I don't think Revolut would have been able to prevent Mr L's losses. This was a sophisticated scam, and the scammers had clearly and cleverly built trust with Mr L. Mr L has said the broker (scammer) was extremely knowledgeable and they assisted him in all aspects, so setting everything up such as the trading account with Company A, demonstrating how the trading platform worked, assisting with opening of accounts at Revolut and K and also another cryptocurrency wallet provider. They took the time to show Mr L how to exchange and transfer cryptocurrency and make withdrawals from his trading account. Having looked at the communications between the scammer and Mr L, they were a large number of phone calls as well as messages between the parties. And I can see that they provided Mr L with a link to Company A on the FCA website when he enquired about Company A. So, this trust between the scammer and Mr L was built up over November and December 2023 and into January 2024. And I think the trust that the scammers had cleverly instilled is of importance in deciding this case.

I say this because in essence it led to the scammer advising and helping Mr L on all aspects of what he needed to do. And it led to Mr L having enough trust in Company A that he agreed to the leverage offer that Company A proposed in January 2024. So, I think it is fair to reasonably conclude that sadly Mr L was under the spell of the scammers by this point and at the time he started to make larger payments (such as payment 6).

This is also further endorsed when it seems Mr L, having carried out some research, came across an online article / review that stated Company A was a scam investment company. I won't provide the full details of the review, but in short it highlighted all the areas and aspects of how and why what Company A was doing was a scam. Mr L shared this article with the scammer who was able to alleviate Mr L's concerns, with Mr L advising that the scammer spoke to him at length and in great detail about fake reviews being posted about firms on their side of the finance industry and that there were people trying to prevent it from growing and seemingly highlighted to Mr L other good or positive reviews. Given how direct the online review was in terms of advising Company A were a scam investment company, the fact that the scammer was then subsequently able to alleviate Mr L's concerns, goes to show, to my mind, how much trust and belief Mr L had in the scammer – and how clever and sophisticated the scammer was.

Mr L also shared this online review with the scammer on 29 January 2024, so shortly before he made payment 6 (for £10,000 on 30 January 2024), which was Mr L starting to proceed with repaying the supposed leverage amount borrowed to his trading account. I think the timing is important here also. I say this because by this point Mr L had already received the leverage amount, and this had been traded on for a period and had seen supposed profits. So, I also think there was an element of Mr L being so under the spell with things and too far in at this point.

Also of importance is that Mr L, in seeking to repay the leverage amount, moved funds from his other banking providers S and L to Revolut. Both banking providers intervened and contacted Mr L on 1 February 2024 about the purpose for the payments he was making to Revolut. I can see from the communications that Mr L had with the scammer that Mr L was told to provide inaccurate information – so he was being coached on what to say to his banks, to get the payments to Revolut approved. And Mr L accepted the reasons to do so and followed the scammers instruction.

When considering all the above, I find there to be – based on the balance of probabilities – a strong argument that had Revolut intervened and asked Mr L for the reason for the payments, then it is more likely than not, that he would've likely reverted back to the scammer on what he needed to do to get the payments approved in the first instance, such as Mr L's relationship with the scammer and his belief in things. I think this is also demonstrated that when Mr L came across the review that indicated Company A was a scam investment company – his response was to discuss this with the scammer. And I think it is reasonable to conclude that had there been any intervention in the payment process by Revolut, Mr L would have likely sought advice or instruction from the scammer on what to do in order to get the payment approved.

And had Revolut provided warnings around cryptocurrency investment scams – then given Mr L had already received such warnings from the online article and review that was specific to Company A being a scam, then I don't consider a further warning about cryptocurrency investment scams would have resonated with Mr L or had a material effect on preventing him from proceeding. And it is more likely than not, that the scammer would have provided some plausible answer / reason to Mr L, as they had done with him previously in regards to the online article about Company A. So, I can't fairly say based on what I've seen that Mr L would have heeded any warning provided or acted any differently. So, I don't think any intervention or warning would have prevented Mr L from proceeding with the payments.

I am also mindful that for the last two payments Mr L made (so payments 9 and 10 for £15,000 and £12,500), he was of the belief that he had received the USDT into his cryptocurrency wallet and he was paying off the final amounts of the leverage amount borrowed. Given the sophistication here of the fake USDT being in a cryptocurrency wallet he controlled, and Mr L believing it was his and was sitting in his cryptocurrency wallet, I don't think any intervention on these payments would have made a difference either. And I don't find he would have acted any differently when making those payments for the same reasons as I've mentioned above.

Overall, based on the evidence I have seen, I'm not as persuaded as I would need to be to say that had Revolut intervened on the payments Mr L was making that it would have had material effect and prevented him from making the payments. So, I can't fairly say that Revolut ought to have prevented, or should be held liable, for the losses Mr L incurred.

Recovery of the funds

Given Mr L transferred the funds into his own account at a cryptocurrency exchange provider and then exchanged the fiat amounts into cryptocurrency and sent these on, there was no chance for Revolut to recover the funds.

Summary

While I appreciate Mr L's been the unfortunate victim of a cruel scam, I think Revolut's decision not to refund him in this instance was fair and reasonable in the circumstances.

I say this because I'm satisfied Revolut followed Mr L's instructions to make the payments, and for the reasons explained, I'm not persuaded any intervention would have made a difference here. And unfortunately, given the funds had been moved on and exchanged into cryptocurrency and further sent on, there wasn't any chance of those funds being recovered by Revolut.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 6 June 2025.

Matthew Horner
Ombudsman