

## The complaint

Mr A is unhappy that Revolut Ltd won't reimburse money he lost to a scam.

## What happened

The background to this complaint is well known to both parties, so I won't repeat everything here. In summary, Mr A has explained that in July 2021 he made a payment of £8,450 from his Revolut account to buy cryptocurrency which he ultimately lost to an investment scam.

Date	Amount	Type of transaction
31 July 2021	£8,450	Transfer

Mr A filled in an online enquiry form after seeing a YouTube advert promoting a cryptocurrency investment. He paid a registration fee of £200 from an external account and following contact with the scammer he opened an account on its platform. He was impressed by the sophistication of the platform and believing it was a legitimate investment he made a payment of £8,450 in July 2021. Mr A was asked several times to make further payments. He felt pressured by this and soon all contact with the scammer stopped. It was at this point he realised he had been scammed. Mr A raised this with Revolut in 2023.

Revolut investigated the complaint but didn't uphold it. It didn't think it had done anything wrong by allowing the payment to go through. So, Mr A bought his complaint to our service.

Our investigator looked into the complaint but didn't uphold it. Our investigator thought that Revolut should have provided a warning to Mr A about cryptocurrency investment scams, but as Mr A was convinced the investment was legitimate he didn't think this would have made a difference to Mr A sending the payment. Mr A didn't agree. He said, in summary, that Revolut should have intervened by asking specific questions about circumstances of the payment, which he thought would have prevented him from going ahead with it.

As Mr A didn't agree with the investigator's view, the complaint has been passed to me for a 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.

Having done so, I've come to the same outcome as the investigator for largely the same reasons. I'll explain why.

I'm aware that I've summarised this complaint 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. If there's something I have not mentioned, it isn't because I have 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 a free alternative to the

courts.

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 be good industry practice at the time, I consider it fair and reasonable that in July 2021 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,
- 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.

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

I've considered whether there was anything about the circumstances surrounding the payment that could have put Revolut on notice that it was being made as part of a scam. And I think there was. I'll explain why.

It isn't in dispute that Mr A has fallen victim to a cruel scam here, nor that he authorised the disputed payment he made to a cryptocurrency wallet (where his funds were subsequently transferred to the scammer).

As I've explained above, Revolut should have had appropriate systems for providing warnings and carrying out further enquiries before it processed such payments. So, I've gone onto consider, taking into account what Revolut knew about the payment, at what point, if any, it ought to have been concerned that Mr A was likely at a heightened risk of fraud. And if so, whether it should have intervened, for example by providing an online written warning, or by contacting Mr A directly, before releasing the payments. But I'd expect any intervention to be proportionate to the circumstances of the payment.

Mr A's account had been opened a few days prior to the payment in dispute. Revolut believe that there wasn't sufficient payment history to regard the payment as unusual. But it did have some information, such as Mr A's reasons for opening the account and the destination of the payment, that it could have considered.

It has said that Mr A highlighted at the account opening stage that one purpose for the account was to make transfers and that the disputed payment was in line with this. But the disputed transaction was a large payment going to a known cryptocurrency provider so, I

don't agree that a cryptocurrency payment was altogether in line with Mr A's account opening purpose. And I think this, alongside the value of the payment, should have raised concerns with Revolut.

This payment also came just days after Mr A attempted to send a similar sized payment to another known cryptocurrency provider which was later returned. So, taking that into account, as well as what Revolut knew about the destination of the payment, I think it should have considered that Mr A could be at a heightened risk of financial harm from fraud and, as I've set out above, I think it should reasonably have taken steps to warn Mr A of the risk before the payment went ahead.

I have thought about what a proportionate response was in these circumstances. Mr A expected Revolut to speak to him directly and ask questions about the payment before it was sent. There's a balance to be struck between identifying, and proportionately intervening in payments that could potentially be fraudulent, and minimising disruption to legitimate payments (allowing customers ready access to their funds). I think that a proportionate response would have been for Revolut to have provided a written warning about cryptocurrency investment scams, drawing attention to the key features of this type of scam. In other words, while I would have expected additional steps, I wouldn't have expected those steps to go beyond an automated written warning.

*If Revolut had provided a warning would that have prevented the loss Mr A suffered?*

Mr A insists that a warning about this kind of scam would have prevented his losses. Revolut haven't given us any information to suggest a warning was provided at the time, and Mr A also says he didn't receive any warnings. So, I'm satisfied Revolut didn't provide any warnings related to cryptocurrency scams in this case. However, I'm not persuaded that a warning, had it been given, would have made a difference to Mr A's decision to go ahead with the payment.

There were several reasons why Mr A was convinced this was a genuine investment:

- Mr A had seen online advertisements on cryptocurrency investments for some time. He explains the scammer's advert was extremely professional and that expert traders and brokers were used to train beginners in the process.
- He'd looked and found no negative information online and the reviews he'd seen were all positive. He felt confident that this was a genuine opportunity he could benefit from.
- Mr A was impressed with the platform the scammers were using. He was impressed by the "level of detail and professionalism that he saw on the platform" and that "only legitimate companies would have access to such sophisticated software". He's described the website as having the characteristics of a genuine investment company.
- He had built a rapport with the scammer. He continued to monitor his account, believed the returns were plausible and had frequent calls with an account manager. Mr A has said the scammer arranged calls with him and that these happened on time. He's described these calls as "professional" and explained that they "followed the same layout", again reconfirming this was a genuine investment. Mr A had advised he "trusted the scammer implicitly and had no reason to ever doubt the realness of the company and its services".

Given how convinced Mr A was for the reasons I've mentioned above, I don't believe that a warning by Revolut would have broken the spell and stopped him from proceeding with the payment.

Mr A had transferred the disputed funds into his Revolut account from another bank. He went into a branch to do this where he had a conversation about the payment he was making to Revolut. During the conversation Mr A was asked if the payment was for an investment but Mr A said it wasn't. So, Mr A's bank gave him a general warning about scam risks. Although this warning wasn't tailored to cryptocurrency investment scams, I do think that this, combined with the fact he didn't give an accurate reason for the transfer during the face to face interaction with his bank, suggests that a written warning from Revolut is unlikely to have deterred him from making the payment.

I can also see that Mr A attempted to send funds to another cryptocurrency provider a few days earlier for a similar amount. This was returned a few days later. However, Mr A attempted another payment, this time to another cryptocurrency provider where it went through successfully. This also indicates Mr A was highly motivated to send the payment, suggesting that a written warning was unlikely to have made a material difference and that Mr A would have proceeded with the payment anyway.

So, in the circumstances of this case, I'm not persuaded I can fairly say that even if Revolut had intervened that Mr A's payment would have been prevented.

*Could Revolut have done anything to recover Mr A's money?*

There are industry standards around attempting recovery of funds where a scam is reported.

Revolut should have attempted to recover Mr A's payments immediately on being told of the scam. But in this case there was a two year delay in Mr A reporting the scam and Revolut didn't attempt to recover Mr A's funds when he reported the scam. However, the scam payment was likely sent from Revolut to a cryptocurrency account in Mr A's name, from where he then would have moved the funds onto the scammers. And given the delay in Mr A reporting this scam to Revolut, I don't think there was any realistic prospect of Revolut recovering the funds.

Revolut has also confirmed that Mr A didn't respond to its messages to obtain further clarification on the scam, so I don't believe Revolut have unreasonably hindered recovery of the funds.

I realise this means Mr A is out of pocket, and I'm really sorry he's lost money. However, for the reasons I've explained, I don't think I can reasonably tell Revolut to reimburse him.

**My final decision**

For the reasons I've explained, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 7 January 2025.

Aleya Khanom  
**Ombudsman**