

The complaint

Mr G complains about Revolut Ltd.

He says that Revolut didn't do enough to protect him when he was the victim of a scam and would like it to refund him the money he has lost as a result.

What happened

Mr G came across an advert for a company offering investment in cryptocurrency supposedly endorsed by a well-known celebrity. At the time, he was struggling financially and was looking for ways to make money. He clicked on the advert and was taken to an enquiry form, which he completed with his details.

Soon after, Mr G was contacted as expected and was persuaded to take up the opportunity. It was explained to him that he could start small and build his way up. He was provided with a log-in and access to a sophisticated platform which would show his investments and was given a password that he should use to communicate over the phone.

Further to this, Mr G was persuaded to open an account with Revolut as this would be easier to make payments to the investment from, and to download AnyDesk to his device.

Mr G then made the following payments from Revolut, which were all made by card to a legitimate crypto exchange, B.

- 13 May 2023 - £1,980
- 15 May 2023 - £15
- 19 May 2023 - £15
- 19 May 2023 - £4,500
- 19 May 2023 - £4,950
- 20 May 2023 - £980
- 20 May 2023 - £4,450
- 20 May 2023 - £15

Unfortunately, Mr G had fallen victim to a scam, which he realised when he tried to make a withdrawal of his supposed profits.

He made a complaint to Revolut, but it didn't uphold his complaint, so he brought it to this Service.

Our Investigator looked into things and thought that Revolut hadn't done enough to protect Mr G from the scam – they said that it should refund Mr G from the fourth payment.

Mr G accepted this, but Revolut did not. So the complaint has been passed to me to make 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 decided to uphold this complaint in part, for broadly the same reasons as our Investigator.

It isn't in dispute here that Mr G has been the victim of a scam and has lost money as a result. However, even when it is clear that a scam has taken place, and an individual has been tricked out of their money, it doesn't necessarily follow that a business will need to refund the money that has been lost.

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 having 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;
- 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 G when he authorised payments from his account or whether it could and should have done more before processing them.

Looking at the payments Mr G made, I don't think that Revolut needed to be concerned about the first three payments Mr G made – they weren't for large amounts, and while they were going to a crypto exchange, Revolut can't be involved in every transaction and not every payment to crypto is actually a scam.

However, when Mr G made the fourth payment, I think that it should have had some concerns about what was going on. The payment was large, and the amounts Mr G was paying out had now more than doubled in a matter of days – and while not every payment to crypto is a scam, these kinds of payments do carry an elevated risk. Revolut would have known that the payment was going to crypto, and so I think it should have blocked the payment and provided Mr G with a warning about the payment, highlighting the most common risks associated with this type of payment at the time, which was a crypto investment scam.

However, from the information I have seen, Revolut didn't provide Mr G with any warnings about the payment.

Had Revolut provided Mr G with a warning about these types of scams, I think that Mr G would have taken note – as the scam he fell victim to would have fitted the description of a crypto investment scam, and I don't think he would have continued the payment.

So, I think Revolut missed an opportunity to prevent the scam from the fourth payment.

I know that Revolut had said that the payments Mr G made were authorised by 3DS – but I don't think this would have prevented Revolut from providing Mr G with a warning – and it could have declined the payment altogether while providing Mr G with a warning about what he was doing.

In reaching my decision about what is fair and reasonable, I have taken into account that Revolut was neither the initial source of the funds, or the ultimate point of loss. And I am aware that Mr G moved money from his account with S to Revolut before it was then sent on to the crypto exchange and then onto the scammer. However, I don't think there is any point of law or principle that says that a complaint should only be considered against either the firm that is the origin of the funds or the point of loss.

I've also considered that Mr G has only complained against Revolut. I accept that it's *possible* that other firms might also have missed the opportunity to intervene or failed to act fairly and reasonably in some other way, and Mr G could instead, or in addition, have sought to complain against those firms. But Mr G has not chosen to do that and ultimately, I cannot compel him to. In those circumstances, I can only make an award against Revolut.

Ultimately, I must consider the complaint that has been referred to me (not those which haven't been or couldn't be referred to me) and for the reasons I have set out above, I am satisfied that it would be fair to hold Revolut responsible for Mr G's loss.

I do have to consider if Mr G should bear some responsibility for what happened here too – but on this occasion I don't think it would be fair to make a deduction for contributory negligence. Mr G was not an experienced investor and came across an opportunity supposedly endorsed by a well-known celebrity, and I don't think that there was any negative information available about the company online at the time. I can also appreciate that he was taken in by the sophisticated nature of the platform he was given access to, along with the reassurance of a password to use when discussing things over the phone. And ultimately, Revolut was the expert here, and knew more about this type of scam.

Putting things right

Revolut Ltd should refund Mr G payments four to eight and pay him 8% simple interest from the date of the payments until settlement (less any lawfully deductible tax).

My final decision

I uphold this complaint in part. Revolut Ltd should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 14 May 2025.

Claire Pugh
Ombudsman