

The complaint

Mr C complains that Revolut Ltd (“Revolut”) have failed to refund the money he lost as part of 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 C came across a company that I will call B that purported to be a crypto trading firm but was actually a scam company.

Subsequently, Mr C says he made two payment one of £100 and another of £978.95 via a crypto exchange to B. The second payment was a card payment the first seems to have sent via a different account.

Mr C realised that he had been scammed when he was unable to withdraw his profits.

He made a complaint via a representative to Revolut and requested he be refunded the amount he lost during the scam. Revolut declined to do this.

One of our investigators looked into this matter and they did not think that Revolut needed to intervene due to the size of the payment in question. Mr C did not agree with this and therefore this complaint has been passed to me to issue 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.

In deciding what’s fair and reasonable, I am required to take into account relevant law and regulations, regulators’ rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I have reached my decision on the balance of probabilities. In other words, on what I consider is more likely to have (or would have) happened, in light of the available evidence and the wider circumstances.

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. This should be in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer’s account.

However, taking into account relevant law, regulatory 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 that Revolut should:

However, taking into account relevant law, regulatory 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 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;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- 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); and
- 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.

It isn't in dispute that Mr C authorised the disputed payment he made from his Revolut account. The payment was requested by him using his legitimate security credentials provided by Revolut. And the starting position is that Revolut ought to follow the instructions given by their customers, in order for legitimate payments to be made as instructed.

However, I've considered whether Revolut should have done more to prevent Mr C from falling victim to the scam, as there are some situations in which it should reasonably have had a closer look at the circumstances surrounding a particular transaction. For example, if it was particularly out of character.

Mr C's account was newly opened, so Revolut did not have a transaction history to compare the payments to. The transaction was not in isolation large enough, and the pattern of spending was not sufficiently indicative of a scam, in my view, to be considered unusual or sufficiently out of character to have prompted an intervention from Revolut. So, I don't think that Revolut needed to intervene during the scam.

I note Mr C's comments that Revolut should have known that he was sending funds to a scam company but as the investigator has pointed out Revolut would not have known that the funds were ultimately going to B. Revolut would only have known the funds were going to the crypto exchange which is a legitimate firm.

Mr C has argued that Revolut should not allow any payments to the crypto exchange in question as it does not have any security procedures in place to stop him sending funds to a scam company. Firstly, I cannot comment on the security procedures of the crypto exchange in question and secondly people send funds to crypto exchanges for a variety of reasons and I would not expect Revolut to prevent this unless it chose to do so for business reasons.

Overall and taking everything into consideration, I don't think that Revolut could have stopped the scam.

I've also thought about whether Revolut could have done more to recover the funds after Mr C reported the fraud.

Revolut are under no obligation to refund the money to Mr C under the Contingent Reimbursement Model (CRM) Code as Revolut are not part of it. Also, I don't think that they could have recovered the funds by initiating a chargeback as the payment was essentially a means to transfer funds from his account to his crypto wallet and this is what happened.

I appreciate this will come as a disappointment to Mr C, 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

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 16 April 2025.

Charlie Newton
Ombudsman