

The complaint

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

Mr H has brought his complaint with the assistance of a professional representative. But for ease I'll refer to all the submissions as being from Mr H.

What happened

Mr H said he invested in a company I'll call 'A' between April and September 2022. During this period he'd been able to withdraw money successfully. But in October 2022 he wasn't able to withdraw money and was told his account was frozen. He said he'd invested only £1,500 at this point.

Around the end of March 2023, a company I'll call 'B' contacted Mr H. He understood B to be a reputable crypto related company, but they later turned out to be scammers impersonating the genuine company.

Mr H says that B told him his investment account with A had been frozen in 2022 and A had appointed B to recover his money, which then stood at around 40,000 bitcoins. B said that A had sacked his former account manager and had been investing more money for him. Mr H said he just wanted his £1,500 investment back. Mr H was reassured B were genuine because they knew his personal details as well as details of his investment with A.

B explained that Mr H would need to pay various fees, such as liquidity fees to avoid blocking the income payments for money laundering concerns and B would assist him with this. To facilitate this, B said Mr H would need to open an account with Revolut as high street banks would not accept the refund due to restrictions. B also asked Mr H to download remote access software (which he already had from his investment with A). B then told Mr H to create an account with a cryptocurrency platform I'll call 'C' to make transactions to see his money returned to him.

Mr H says he later discovered that the scammers had taken out three loans in his name (I understand this was with a high street bank). B told Mr H it would assist him by depositing money in his account and then asking him to move the money to pay certain fees, including 'liquidity fees'. He says he was unaware of what was happening because B was using the remote access software on his device. B said the money (from A) would be back in his account within 48 hours.

The following transactions were made through Mr H's Revolut account. I've numbered the ones that are relevant, which total £56,088.13.

	Date and time	Payee	Payment method	Amount
	31 March 2023 16:50	C (cryptocurrency platform)	Debit card (Euro) (declined because	£836.61

			<i>of card limit)</i>	
1	31 March 2023 17:01	C	Debit card (<i>Euro</i>)	£801.92
2	31 March 2023 17:05	C	Debit card (<i>Euro</i>)	£2,642.16
	31 March 2023 17:22	C	Debit card (<i>Euro</i>) (declined as card was blocked)	£44.06
	31 March 2023 19:13	D (cryptocurrency platform)	Debit card (declined)	£3,000
3	31 March 2023 22:27	C	Debit card	£44.05
	1 April 2023 00:04	Payee 1	Debit card (cancelled & not reported as part of scam)	£6,400
4	1 April 2023 00:15	Payee 2	Faster payment	£6,400
5	1 April 2023 00:48	Payee 2	Faster payment	£3,200
6	6 April 2023 15:04	Payee 3	Faster payment	£15,000
7	6 April 2023 17:51	Payee 4	Faster payment	£10,000
8	6 April 2023 18:06	Payee 2	Faster payment	£10,000
9	11 April 2023 14:40	Payee 5	Faster payment	£8,000

Unfortunately, the promised refund did not materialise. Mr H tried to contact B by phone and instant messenger but without success. At this point, he realised he'd been scammed.

On 14 April 2023 Mr H contacted Revolut with details of the scam. Through his representative, he complained that Revolut should have taken extra measures to protect him and for money laundering purposes. He said Revolut did not provide him with any scam warnings or fraud preventative measures despite being a new customer and moving just over £56,000 through the newly opened account in a period of only 10 days. He said he'd not been told to lie to Revolut and, if he'd been questioned, he'd have been open and honest about who he was paying (although I note he also said that he was acting according to the exact instructions and guidance of the scammers).

Mr H says the scam has had a severe impact both on his finances and his mental health. He asked Revolut to refund him his total loss of just over £56,000 together with 8% interest and £250 compensation.

Revolut responded to say that it had provided fraud prevention warnings when Mr H set up a new payment to a new beneficiary asking him to be sure he trusted the new payee. Revolut said it warned Mr H that crypto withdrawals were non-reversible and he confirmed the funds were being sent to his own crypto wallet. Revolut said it had processed the transactions in line with Mr H's instructions and had provided scam warnings. It had attempted to recover the payments but without success. So it considered it had treated him fairly and it didn't make any refund to him.

Unhappy with the outcome, Mr H came to us. Our Investigator didn't uphold the complaint and said, in summary:

- Mr H had opened his account with the intended purpose of "vaults, crypto and transfers". Revolut had intervened in the payments to C and D because they were potentially suspicious. As part of the review, Mr H responded to give incorrect answers to questions about: screen sharing software; being told to open a Revolut account and make a transfer; whether anyone was pressuring him to act quickly; whether he'd been promised unrealistic returns; whether he'd been contacted or encouraged to invest by someone he didn't know; and confirming that he had access to his own crypto wallet. After giving him a warning about scams, which Mr H said he understood, Revolut removed the block on the payments and allowed them to continue.
- Our Investigator thought Revolut could have provided additional and better tailored warnings about crypto scams. But he didn't think this would have made a difference as Mr H would likely have responded in a similar way and have wanted to go ahead with the payments. Our Investigator thought this because of the untruthful answers given to Revolut's questions, which meant it was difficult for Revolut to intervene any further. The limited evidence we'd seen from a partial exchange with the scammers indicated that Mr H accepted the scammers' guidance in answering Revolut's questions – and it was likely this would have continued even if Revolut had asked any additional questions or made a further intervention.
- He didn't consider Revolut could reasonably have done more to recover the payments.

Mr H didn't accept our Investigator's findings and requested an Ombudsman's review. He said, in summary:

- He'd made multiple, high value payments in quick succession, to multiple payees some of which were cryptocurrency providers. The pattern of activity showed he was at high risk of known fraud or scams for reasons he listed as: multiple, new and international payees; rapid depletion of funds; multiple unusually high payments made in quick succession; sudden increase in spending; sudden change to the operation of the account.
- Revolut missed multiple opportunities to intervene but didn't give him any warnings in relation to the five new international payees and payments made in quick succession, which he says is "clear negligence". He should have been given appropriate, tailored fraud warnings and asked probing and open questions to uncover the scam (he listed the questions that he thought should have been asked including about how he found the investment, whether he'd taken any advice and what paperwork and online

access he'd been given).

- If Revolut had given him the warnings it was obliged to give, he would not have lost his money to the scammers. Our Investigator's view that an intervention would not have stopped him from making the payments is hypothetical and subjective, as our Investigator cannot say what Mr H would have done when he wasn't given a warning. It is well known that scammers tell their victims to use Revolut and coach them on how to evade its security systems. Revolut is aware of this and should take actions to prevent its customers from losing money to fraud.

As Mr H's comments didn't change our Investigator's view, the complaint has come 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, 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.

Overall, taking into account relevant law, regulators' 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 in March 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 – (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.

Should Revolut have recognised that Mr H was at risk of financial harm from fraud

It isn't in dispute that Mr H has fallen victim to a cruel scam here, nor that he authorised the card payments and faster payments he made to a cryptocurrency wallet (from where that cryptocurrency was subsequently transferred to the scammers) and to third party payees.

Whilst I have set out in detail in this decision the circumstances which led Mr H to make the payments using his Revolut account and the process by which that money ultimately fell into the hands of the scammers, I am mindful that, at that time, Revolut had much less information available to it upon which to discern whether any of the payments presented an increased risk that Mr H might be the victim of a scam.

I can see that payments 1, 2 and 3 were made to a known cryptocurrency platform. They were made on the same day and in quick succession.

I'm aware that cryptocurrency exchanges like C generally stipulate that the card used to purchase cryptocurrency at its exchange must be held in the name of the account holder, as must the account used to receive cash payments from the exchange. Revolut would likely have been aware of this fact too. So, it could have reasonably assumed that payments 1, 2 and 3 would be credited to a cryptocurrency wallet held in Mr H's name.

By March 2023, when these transactions took place, firms like Revolut had been aware of the risk of multi-stage scams involving cryptocurrency for some time. Scams involving cryptocurrency have increased over time. The FCA and Action Fraud published warnings about cryptocurrency scams in mid-2018 and figures published by the latter show that losses suffered to cryptocurrency scams have continued to increase since. They reached record levels in 2022. During that time, cryptocurrency was typically allowed to be purchased through many high street banks with few restrictions.

By the end of 2022, however, many of the high street banks had taken steps to either limit their customer's ability to purchase cryptocurrency using their bank accounts or increase friction in relation to cryptocurrency related payments, owing to the elevated risk associated with such transactions¹. And by March and April 2023, when the disputed payments took place, further restrictions were in place². This left a smaller number of payment service providers, including Revolut, that allowed customers to use their accounts to purchase cryptocurrency with few restrictions. These restrictions – and the reasons for them – would have been well known across the industry.

I recognised that, as a result of the actions of other payment service providers, many customers who wish to purchase cryptocurrency for legitimate purposes will be more likely to use the services of an EMI, such as Revolut. I am also mindful that a significant majority of cryptocurrency payments made using a Revolut account will be legitimate and not related to any kind of fraud (as Revolut has told our Service). However, our Service has also seen numerous examples of consumers being directed by fraudsters to use Revolut accounts in order to facilitate the movement of the victim's money from their high street bank account to a cryptocurrency provider, a fact that Revolut is aware of.

So, taking into account all of the above, I am satisfied that by the end of 2022, prior to the payments Mr H made in March and April 2023, Revolut ought fairly and reasonably to have recognised that its customers could be at an increased risk of fraud when using its services to purchase cryptocurrency, notwithstanding that the payment would often be made to a cryptocurrency wallet in the consumer's own name.

To be clear, I'm not suggesting as Revolut argues that, as a general principle, Revolut should have more concern about payments being made to a customer's own account than those which are being made to third party payees. As I've set out in some detail above, it is the specific risk associated with cryptocurrency in March 2023 that, in some circumstances, should have caused Revolut to consider transactions to cryptocurrency providers as carrying an increased risk of fraud and the associated harm.

In those circumstances, as a matter of what I consider to have been fair and reasonable,

¹ See for example, Santander's limit of £1,000 per transaction and £3,000 in any 30-day rolling period introduced in November 2022.

NatWest Group, Barclays, Lloyds Banking Group and Santander had all introduced some restrictions on specific cryptocurrency exchanges by August 2021.

² In March 2023, both Nationwide and HSBC introduced similar restrictions to those introduced by Santander in November 2022.

good practice and to comply with regulatory requirements, Revolut should have had appropriate systems for making checks and delivering warnings before it processed such payments. And as I have explained Revolut was also required by the terms of its contract to refuse or delay payments where regulatory requirements meant it needed to carry out further checks.

Taking all the above into account, and in the light of the increase in multi-stage fraud, particularly involving cryptocurrency, I don't think that the fact that the card payments 1, 2 and 3 were going to an account held in Mr H's own name should have led Revolut to believe there wasn't a risk of fraud.

So I've gone on to consider, taking into account what Revolut knew about the payments, at what point, if any, it ought to have identified that Mr H might be at heightened risk of fraud that merited its intervention.

I think Revolut should have identified that payments 1, 2 and 3 were going to a cryptocurrency provider (the merchant is a well-known cryptocurrency provider). I've taken into account that one of Mr H's account opening purposes was 'crypto'. But payment 2 was made shortly after payment 1 and for a significantly higher amount. Mr H had only recently opened his account so there was no account history to which Revolut could refer. Given the value of payments 1 and 2, made in quick succession to a known cryptocurrency provider, I think Revolut should reasonably have identified that Mr H was at risk of financial harm. I think it was a combination of the characteristics of payment 2 combined with payment 1 and the fact the payment went to a cryptocurrency provider which ought to have prompted a warning.

The faster payments 4 and 5 went to the same new payee and were made on the same day. They were also made in line with one of Mr H's payment purposes which was 'transfers'. But the two payments were for just under £10,000 and I think the characteristics of the payments – being of significant amounts made on the same day to a new payee - meant Revolut should have identified that Mr H was at heightened risk of financial harm.

Payments 6 and 7 were all made to three different new payees on the same day. Payment 8 was made to an existing payee (to whom payments 4 and 5 were sent). But the amounts and pattern of payments 6, 7 and 8 (combined with the previous payments) should, in my view, have led Revolut to consider that Mr H was at heightened risk of financial harm from fraud.

Payment 9 was made several days after payment 6, 7 and 8. The amount of payment 9 being made to an additional new payee should reasonably have led Revolut to consider that Mr H was at risk of financial harm.

What did Revolut do to warn Mr H?

Revolut temporarily blocked Mr H's access to his account after he made payment 2. It contacted him and asked him to confirm his identity with a photo, together with a series of questions. I've listed the most relevant ones below with Mr H's answers in italics:

Do you use any finance managing or shared wallet applications?

No

Have you recently downloaded any screen sharing application (e.g. AnyDesk)?

No

What was the nature of the transaction – the one that was rejected by the system?

Investment

What is the nature of your account? What is the purpose of it?

Investment

Have you received any calls recently from anyone telling you to create a Revolut account and encouraging you to make an outbound transfer?

No I am trying to deposit money into my (account with D and account with C), both of them are my Crypto exchangers and I am having problem transferring the funds.

If yes, what did they tell you?

(No answer given)

Also Mr H said he was asked for source of payment, and he'd uploaded the documents and the system said that was successful. But he still could not use his Revolut account.

After over an hour had passed, Mr H told Revolut he wanted to sort everything out in the quickest possible way. Revolut responded to say it was important he take his time before making any investment decisions. Revolut went on to ask several more questions, which I've listed with Mr H's responses in italics:

Please can you tell me a little more information about this particular investment.

Is there anyone pressurising you to act quickly at risk of missing out on an investment opportunity?

No pressure.

Have you been promised returns which possibly seem to be too good to be true, such as doubling your investment in a month or receiving a guaranteed return?

No.

Have you conducted any research, and do you understand what you're investing in?

Yes, researched and understood what I am doing.

Have you been contacted or encouraged to invest by someone you don't know or have only met online recently?

No, it is a transfer to my own accounts.

Are you buying cryptocurrency?

Yes, I am buying Bitcoin (a cryptocurrency).

Do you have access/own the cryptocurrency account to where you are transferring the funds?

Yes.

Revolut then said:

"Thank you for your cooperation. Please be aware that scammers are using increasingly sophisticated techniques to gather personal information and convince customers to transfer funds in complex scams. If you have any concerns then do not

proceed and let us know, we will be here to further assist you. Remember, if you continue to send money to the account details you have provided, we cannot guarantee that we will be able to recover your money and you risk losing it.”

Mr H responded to say *“I fully understand it (name), thank you for advise. I fully take the responsibility.”*

Revolut then passed the matter to its team for review, and during the several hours that passed Mr H asked a few times for an update and whether the matter would be sorted out that day. Revolut then returned to Mr H and told him that his account was fully operational again.

Revolut said that when Mr H made the faster payments to new beneficiaries, it displayed the following message in its app:

“Do you know and trust this payee? If you’re unsure, don’t pay them, as we may not be able to help you get your money back. Remember, fraudsters can impersonate others, and we will never ask you to make a payment.”

As Mr H acknowledged the messages, he was able to continue with the transfers.

Revolut said it did not make any further interventions, beyond the in-app intervention on 31 March 2023 that I’ve set out above.

What kind of warning should Revolut have provided?

Revolut recognised on 31 March 2023 that Mr H was at risk of financial harm. It blocked his access to his account, made a human intervention and asked him a series of questions before deciding to allow him to proceed with the cryptocurrency payments to C and D. I think the warnings it gave were proportionate to the risk the payments presented.

For the payments to the new payees, I’ve noted the warning that Revolut gave about knowing and trusting the payee.

Whilst this warning does contain some information relevant to Mr H’s circumstances, the warning isn’t particularly prominently displayed, requires no interaction or real engagement from the customer and, in my view, lacks sufficient context to have been impactful in the circumstances of this case. I don’t consider it to be a proportionate response to the risks that payments 4 to 9 presented.

I’ve noted that Mr H’s payments to the new payees began shortly after Revolut had unblocked his account. Payment 4 was for the same amount as the payment for £6,400 that was made by debit card but declined shortly before payment 4 was made successfully. I do acknowledge that the payments followed the intervention Revolut had made on the cryptocurrency transfers – but I think a question about Mr H’s payment purpose followed by a warning tailored to the reason given for the payment would have been a proportionate response at this point.

Payments 6, 7 and 8 were made in relatively quick succession. Payment 6 was for £15,000 to a new payee, followed by two further payments for £10,000 respectively.

I appreciate Revolut attempted some steps to prevent harm from fraud, but the warnings it provided for payment 4 onwards were too generic to have the necessary impact. I would have expected Revolut to recognise the heightened risk of financial harm and to make a human intervention which should have been made, at the latest, at payment 6.

I think a proportionate response to the risk payment 6 presented would have been for Revolut to have attempted to establish the circumstances surrounding the payment before allowing it to debit Mr H's account. I think it should have done this, for example, by directing Mr H to its in-app chat to discuss the payment further.

If Revolut had attempted to establish the circumstances surrounding payment 6, would the scam have come to light and Mr H's losses been prevented?

Our Investigator explained in his assessment why he didn't think Mr H's losses would have been prevented even if Revolut made further proportionate interventions in the payments Mr H made to the fraudsters.

I've carefully considered Mr H's responses to explain why he considers the scam, and his resulting losses, would have come to light with more effective intervention from Revolut. For ease I'll repeat here what Mr H said, as set out in my summary of his arguments:

- If Revolut had given him the warnings it was obliged to give, he would not have lost his money to the scammers. Our Investigator's view that an intervention would not have stopped him from making the payment is hypothetical and subjective, as our Investigator cannot say what Mr H would have done when he wasn't given a warning. It is well known that scammers tell their victims to use Revolut and coach them on how to evade its security systems. Revolut is aware of this and should take actions to prevent its customers from losing money to fraud.

Where the available evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is more likely than not to have happened in light of the available evidence and the wider circumstances.

It's not enough for me to find that Revolut could have made more proportionate and effective interventions. I must be satisfied that any intervention made Revolut would also have prevented Mr H's losses.

In other words, I must also be satisfied, on the balance of probabilities, that it's more likely than not that Mr H would have heeded any additional warnings had they been given to him by Revolut and have decided not to send any additional money in line with the instructions given to him by the scammers.

Having carefully considered the available evidence and wider surrounding circumstances, I find, on balance, that it's more likely than not that Mr H would have disregarded any further intervention by Revolut and continued to send the money to the scammers. I say this for the following reasons:

- I've looked at Mr H's answers to the questions put to him by Revolut about his cryptocurrency transactions and I can see his answers were not truthful. He was given the opportunity to tell Revolut that he'd downloaded remote access software onto his computer that was being used by the scammers to move money around and make several transactions.
- He was not making an investment, as he'd told Revolut, but rather he was sending money to B who'd told him they'd recover money frozen in a previous investment. As he'd not given honest answers to Revolut's questions, it's difficult to see how Revolut could have identified he was the victim of an advance fee type scam.
- Mr H had been told by the scammers to open an account with Revolut (and with the

cryptocurrency exchange 'C') but he answered 'no' to Revolut's question about this.

- Although Mr H says he wanted to recover only his £1,500 investment, the evidence is that the scammers had told him that they were acting on his behalf to recover a substantial amount because the investment company had bought additional cryptocurrency on his behalf. The figures I've seen show he was told he'd receive a substantial amount (over £70,000), which was well in excess of the original investment. And it's not clear to me that Mr H would have sent such high amounts in 'fees' if he'd hoped to recover only £1,500 had he not been told he would likely recover a substantial amount. Sadly, the amount he was told he would recover was indeed unrealistic but he told Revolut he'd not been promised a return which was too good to be true. I think it's likely Mr H did know the returns were too good to be true and therefore he probably did ignore the warning despite it being relevant.
- I appreciate that Mr H thought he was dealing with a reputable company. But he didn't answer truthfully Revolut's question about being contacted by someone he didn't know. It's not clear he'd researched the investment company A or B's involvement in recovering his money, although he told Revolut he'd researched the investment. I've seen that Mr H had begun to express frustration in his conversation with the scammers about the fees he was being asked to pay to release his money. But he went ahead to make the transfers on 6 and 11 April 2023 despite the warnings Revolut had given him about cryptocurrency scams.
- From the online chat with the scammers that I've seen, it's clear that the scammers were guiding Mr H about the true purpose of the payments, as follows:

"If (the bank) ask from where you receive this funds, just tell them that it is a credit. And you are transferring money to your (name of Mr H's high street bank).

okay, they might ask a lot of questions about the funds. From where you received it and tell them that it is a credit."

He says that Revolut should have been aware of the possibility he was being guided in his responses, but he'd not given honest or accurate answers to its questions to enable it reasonably to uncover the scam.

- So Mr H was both being guided on his answers and agreeing to give answers he knew were not truthful in response to Revolut's questions. I think it's more likely than not, on balance, that Mr H would have been similarly guided through any additional questions asked by Revolut and have given answers that he knew weren't true. Indeed Mr H said that he was acting according to the exact instructions and guidance of the scammers.

Having considered all the available evidence and surrounding circumstances, I don't consider it's more likely than not, on the balance of probabilities, that Mr H would have responded honestly and without guidance from the scammers to any further questions put to him by Revolut. As such, I don't consider I can fairly hold Revolut responsible for the losses Mr H sadly suffered due to the scam.

Could Revolut have done anything else to recover Mr H's money?

Card payments

Mr H made card payments to a legitimate cryptocurrency account in his name. From there,

he purchased cryptocurrency and moved it to a wallet address of his choosing, albeit on the scammers' instructions. I don't think there was any mechanism for Revolut to recover money Mr H paid to cryptocurrency accounts in his own name.

Faster payments

I understand that Mr H first notified Revolut of the fraud on 14 April 2023, three days after the last payment he made to payee 5 on 11 April 2023. It's a common feature of this type of scam that the fraudster will move money very quickly to other accounts once received to frustrate any attempted recovery. Indeed Revolut has provided evidence to this Service that the money credited to payee 2 was removed from that payee's accounts very quickly, within a short time of the credits being made and well before Mr H reported the scam.

I don't think it's likely anything Revolut could have done differently would have led to these payments being successfully recovered.

I've been very sorry to read about the scam to which Mr H fell victim, and I don't underestimate the impact it's had on him both financially and personally. But for the reasons I've explained I don't consider I can fairly hold Revolut responsible for the losses he suffered.

My final decision

My final decision is that I don't uphold this complaint.

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

Amanda Maycock
Ombudsman