

The complaint

Mr M complains Revolut Ltd (“Revolut”) didn’t do enough to protect him when he fell victim to a scam.

What happened

Mr M said his close friend of many years told him about the success he’d had investing with a cryptocurrency specialist investment company, he also told Mr M about the significant profit his colleagues had made with the same investment company.

Mr M said his friend sent him a link to the company’s trading platform, where he researched the opportunity. He said he also found positive testimonies and reviews online. Happy with his research and the testimony of his friend Mr M said he decided to invest with the company and his friend talked him through the next steps. He explained he signed up to the company’s website and opened an account with a cryptocurrency provider. Mr M told us the company carried out ID checks and this along with the professional website and his friend’s recommendation gave the opportunity legitimacy.

On 3 November 2023 Mr M exchanged £5,000 into cryptocurrency via his account with Revolut before sending it onto a cryptocurrency provider and then the scammer. He said he logged in daily and saw good returns so invested further via an account he held with a high street bank.

When he came to withdraw his funds Mr M said he wasn’t able to and after speaking with his friend, realised he’d been scammed.

Unhappy with Revolut’s response, Mr M raised the matter with the Financial Ombudsman. One of our Investigators looked into the complaint and didn’t uphold it. While they thought Revolut should have intervened when the conversion was made, they thought a proportionate intervention by Revolut wouldn’t have prevented Mr M from converting his funds.

Mr M didn’t agree with the outcome. In summary, he said:

- Revolut didn’t take adequate steps to prevent him from falling victim to this scam.
- Revolut failed under Consumer Duty – although he wasn’t more specific here.

As an agreement could not be reached, 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.

Mr M raised a complaint against another firm which was referred to us. I’m aware of the other complaint but will only be commenting on his complaint against Revolut.

I've read and considered the whole file. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome.

To consider if Revolut's actions, or inactions, led to Mr M suffering a loss as the result of a scam, I need to be satisfied that Mr M has been the victim of, and lost funds as the result of a scam. The evidence Mr M has provided includes account statements which show the conversion of fiat currency into cryptocurrency and evidence of his account with the cryptocurrency provider. He's also provided screenshots of the scam company's website/platform. These don't contain Mr M's identifying details such as his email address, his name or his phone number. I'm satisfied Mr M withdrew his cryptocurrency from Revolut to a cryptocurrency provider but what I have isn't enough to satisfy me he'd lost the funds due to a scam. But because this doesn't make a difference to the outcome of Mr M's complaint, I'm going to proceed on the basis that Mr M did suffer a loss to the scam he's described.

Having done so, I've reached the same conclusion as our investigator. And for largely the same reasons. I'm sorry to hear that Mr M has been the victim of a cruel scam. I know he feels strongly about this complaint, and this will come as a disappointment to him, so I'll explain why.

In broad terms, the starting position at law is that an Electronic Money Institution 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 consumer's account.

Mr M authorised the conversion in question here – so even though he didn't intend for his money to end up in the hands of a scammer, he is presumed liable in the first instance.

But as a matter of good industry practice, Revolut should also have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there is a balance to be struck: banks and Electronic Money Institutions had (and have) obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction.

I've thought about whether Revolut acted fairly and reasonably in its dealings with Mr M when he converted his money into cryptocurrency, or whether it should have done more than it did. In doing so I've considered what Revolut knew at the time, any actions it took and Mr M's account activity since he opened the account.

Having done so, I think Revolut ought to have intervened when Mr M converted his money into cryptocurrency, I say this due to the value of the conversion as well as it being a conversion into cryptocurrency, two things Revolut would have been aware of.

I've thought carefully about what a proportionate warning in light of the risk presented would be in these circumstances and find Revolut ought to have asked Mr M a series of questions in order to identify the scam he was potentially falling victim to. I think if Revolut took those steps it would, on balance, have identified the most likely scam Mr M could be falling victim to was a cryptocurrency investment scam. I would then expect Revolut to have presented Mr M with a tailored written warning that was specifically about the risk of cryptocurrency scams.

I think that such a warning should have addressed the key risks and features of the most common cryptocurrency scams – cryptocurrency investment scams. The warning Revolut ought fairly and reasonably to have provided should have highlighted, in clear and understandable terms, the key features of common cryptocurrency investment scams, for example referring to: an advertisement on social media, promoted by a celebrity or public figure; an ‘account manager’, ‘broker’ or ‘trader’ acting on their behalf; the use of remote access software and a small initial deposit which quickly increases in value.

I recognise that a warning of that kind could not have covered off all scenarios. But I think it would have been a proportionate way for Revolut to minimise the risk of financial harm to Mr M by covering the key features of scams affecting many customers but not imposing a level of friction disproportionate to the risk the conversion presented.

I can’t be certain what would have happened if Revolut had intervened in this way, so I need to make a decision on the balance of probabilities of what would most likely have happened if it had. Having thought carefully about this, I don’t think it’s likely to have made a difference here.

I say that because I don’t believe a proportionate warning as described above would have likely resonated with Mr M due to the circumstances of the scam he was falling victim to. It didn’t contain some of the typical hallmarks of a scam as I would have expected to be highlighted in a tailored cryptocurrency investment scam warning. So, I don’t think a warning of the nature I’ve describe would have prevented him from converting his funds, because I don’t think it’s likely he would have thought it applied to him. And I think, on the balance of probabilities, he would more likely than not have continued with the conversion of funds.

It’s also important to note Mr M had been introduced to the investment by his longtime trusted friend. And as he told us he never actually dealt with a scammer directly. Mr M has explained his friend, and their colleagues, had had success with this investment and I’ve seen evidence that Mr M enquired if withdrawals were possible and his friend reassured him they were. I think this would have reassured Mr M that the investment was legitimate.

I’m therefore not persuaded that a proportionate intervention from Revolut, namely a tailored written warning about cryptocurrency investment scams, would have positively impacted Mr M and prevented him from converting his funds, which he said he went on to lose as a result of a scam. Because I don’t think the warning would have resonated due to the circumstances of the scam Mr M was falling victim to and the trust he had in his friend and their experience.

So, whilst I’ve found that Revolut missed an opportunity to intervene here, I don’t think a proportionate intervention as described above, would have led to a different outcome. And as I find a proportionate intervention from Revolut wouldn’t have prevented Mr M’s loss, it wouldn’t be reasonable for me to hold Revolut responsible for it.

I’m sorry to disappoint Mr M further, but I’ve thought carefully about everything that has happened, and with all the circumstances of this complaint in mind I don’t think Revolut needs to refund Mr M’s money or pay any compensation. I realise this means Mr M is out of pocket and I’m really sorry he’s lost this money. However, for the reasons I’ve explained, I don’t think I can reasonably uphold this complaint.

Recovery

I’ve thought about whether there’s anything else Revolut could have done to help Mr M and I’ve considered whether Revolut took the steps it should have once it was aware that the payments were the result of fraud.

Mr M withdrew his funds to a cryptocurrency provider and having done so there's no real prospect of successful recovery of funds.

My final decision

My final decision is that I do not uphold this complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 26 May 2025.

Charlotte Mulvihill
Ombudsman