

### The complaint

Mr M complains that Revolut Ltd won't refund money he lost when he was the victim of a crypto investment scam.

Mr M is represented by a firm I'll refer to as 'C'.

### What happened

The background to this complaint is well known to both parties, so I'll only refer to some key events here.

In 2023 Mr M saw an advert for an investment firm – which I'll refer to as 'B' - on social media. We now know B to be a scam. Interested in the opportunity, and under the belief the investment opportunity was legitimate, Mr M decided to complete B's enquiry form. He was then contacted by B, whom he found professional and knowledgeable, and was assured they would help him with 'every step' of investing. To do this, Mr M has explained that B used remote desktop software.

As part of the scam, Mr M purchased crypto from legitimate providers before forwarding it on to B. The relevant debit card transactions are:

Transaction date	Payee	Amount
14 June 2023	CR	£2,492.36
16 June 2023	CR	£4,995.02
14 July 2023	CR	£3,149.43
14 July 2023	CR	£5,149.50
14 July 2023	CR	£5,148.47
14 July 2023	CR	£3,800.33
20 July 2023	MP	£4,600
26 July 2023	CR	£4,222.59
8 August 2023	CR	£1,009.30
8 August 2023	CR	£1,004.15
	<b>Total:</b>	<b>£35,571.15</b>

Mr M has also told our Service that, as part of the scam, he exchanged fiat currency into crypto with Revolut before withdrawing it to a wallet address linked to B. The relevant transactions are:

Date	Transaction	Amount (fees)
5 July 2023	Exchanged GBP to BTC	£1,500 (£27.38)
5 July 2023	Crypto withdrawal of 0.05999811 BTC	£1,467.51 (£3.64)
13 September 2023	Exchanged GBP to BTC	£1,050 (16.14)
13 September 2023	Crypto withdrawal of 0.04846326 BTC	£1,028.55 (3.83)

Mr M's Revolut statements show he received a credit from a crypto provider of £16.27 on 19 June 2023.

Mr M says he realised he'd been scammed when, after paying a withdrawal fee, B told him he had to pay tax on his funds to receive them. He contacted one of the legitimate crypto providers involved to query this, at which point he was informed it was a scam.

C complained to Revolut, on Mr M's behalf, in October 2023. They said Revolut didn't do enough to protect Mr M from the scam – as they ought to have identified the payments as unusual, carried out further checks before processing them and provided relevant scam warnings. If this happened, the scam would've been uncovered and Mr M's loss avoided. To settle the complaint, they said Mr M would accept a full reimbursement of his loss, along with 8% interest and £300 compensation.

Revolut didn't uphold the complaint. They explained that they'd raised chargebacks on the debit card transactions to recover the funds lost – with the claims for the CR payments having been rejected, but the investigation for the MP payment still ongoing. Revolut added that they'd implemented improved security measures. And they provide preventative resources to their customers – such as blog articles. Furthermore, they referenced an email sent to Mr M on 30 June 2022 - "The best way to outwit card fraudsters?" – that could've helped him determine he was a victim of a scam.

The complaint was referred to the Financial Ombudsman. Revolut confirmed the MP chargeback claim had been rejected.

Our Investigator thought Mr M's complaint should be upheld in part. In short, he said:

- Revolut ought to have found Mr M was at risk of financial harm from fraud when he made the £4,995.02 on 16 June 2023. And so, Revolut should've provided him a written warning tailored to the key scam features associated with the payment.
- A tailored crypto investment scam warning would've likely resonated with Mr P. And so, he wouldn't have made this payment or those that followed (although, I note that our Investigator didn't consider the crypto withdrawals as part of his findings).
- Mr M should also take some responsibility for his loss. This is because he wasn't persuaded Mr M had carried out due diligence before investing. As, if he had, he would've come across review websites online that contained a significant number of warnings. Nor was he provided any contract or paperwork. And he invested significant amounts quickly.
- Revolut should refund 50% of the card payments from 16 June 2023 onwards. They should also pay 8% simple interest for loss of use of money.

C confirmed Mr M's acceptance.

Revolut didn't agree with our Investigator. In short, they added:

- This was a 'self-to-self' scenario in which Mr M owned and controlled the beneficiary accounts to which the payments were sent. Hence, the fraudulent activity didn't occur on Mr M's Revolut account – as the payments were made to legitimate crypto providers before being sent to the scam platform.
- Payments to a customer's own account don't meet the definition of an Authorised Push Payment (APP) scam. They shouldn't be responsible for their customer's loss where they're only an intermediate link in a chain of transactions.
- The payments being made were not out of character nor unexpected with the typical

way in which an Electronic Money Institute (EMI) account is used.

- The role of other financial businesses (including any interventions or warnings they might have provided) needs to be considered.
- The Financial Ombudsman should inform the complainant that it might be appropriate to make a complaint against another respondent.

The matter has been passed 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 broad terms, the starting position at law is that an EMI such as Revolut is expected to process payments and withdrawals that a customer authorises them 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 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 their customers were at risk of fraud. 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 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.

### What loss has Mr M suffered to this scam?

I sought additional information from Mr M, via C, to evidence that the crypto he purchased was forwarded on to B. While I'm satisfied Mr M has demonstrated this for the crypto purchased by debit card with the crypto providers, I'm not persuaded that it's been sufficiently evidenced for the BTC withdrawals from Mr M's Revolut account. Because of this, I can't fairly conclude that Mr M has suffered a loss, as a result of a scam, in respect of the BTC withdrawal transactions.

### Should Revolut have recognised that Mr M was at risk of financial harm from fraud?

It isn't in dispute that Mr M has fallen victim to a cruel scam here, nor that he authorised the payments from his Revolut account (to purchase crypto that was subsequently transferred to B). But whilst I have set out the circumstances which led Mr M to make the payments using his Revolut account and the process by which that money ultimately fell into the hands of the scammer, I am mindful that, at that time, Revolut had much less information available to them upon which to discern whether any of the payments presented an increased risk that Mr M might be the victim of a scam.

So, I've gone onto consider, taking into account what Revolut knew about the payments, at what point, if any, they ought to have identified that Mr M might be at a heightened risk of fraud that merited their intervention.

By the point of these payments (June 2023), Revolut ought to have been familiar with the increased risk of multi-stage scams involving crypto for some time. I'm mindful that a significant majority of crypto purchases made using a Revolut account will be legitimate and not related to any kind of fraud (as Revolut has told the Financial Ombudsman). However, we've 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 crypto provider, a fact that Revolut is aware of (and which is what happened here).

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

To be clear, I'm not suggesting 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. But rather it is the specific risk associated with crypto that, in some circumstances, should have caused Revolut to consider transactions to crypto 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, good practice and to comply with regulatory requirements, Revolut should have had appropriate systems for making checks and delivering warnings before they processed such payments. And Revolut was also required by the terms of their contract to refuse or delay payments where regulatory requirements meant they needed to carry out further checks. Taking all of the above into account, and in light of the increase in multi-stage fraud, particularly involving crypto, I don't think the fact payments in this case were going to an account held in Mr M's own name should have led Revolut to believe there wasn't a risk of fraud.

Here, although the first payment was going to a crypto provider, it was of a relatively low value. And so, considering there is a balance for Revolut to find between questioning transactions and allowing customers to use their account without unreasonable friction, I don't think Revolut would've had enough reason to suspect Mr M was at risk of financial harm from fraud. This however, in my view, changed at the point of the second payment (£4,995.02). This is because the payment was a significant increase in value, about double the prior payment. It was also made only two days later, and so in a relatively short period of time. Both of which can be potential indicators of fraud and a scam. So, given what Revolut knew about the destination of the payments, I think the circumstances should have led Revolut to consider that Mr M was also at a heightened risk of financial harm from fraud when making the £4,995.02 payment.

#### What did Revolut do to warn Mr M?

Revolut has referred to preventative resources, such as blog articles, they send to their customers. And their email of 30 June 2022 which they consider could've helped Mr M to realise he was the victim of a scam. While I appreciate this information can assist customers in avoiding falling victim to a scam, I don't think it provided Mr M with the required knowledge about the risks associated with making the £4,995.02 payment at the time. I think Revolut needed to do more before processing this payment.

### What kind of warning should Revolut have provided?

I think a proportionate response to the risk associated with the £4,995.02 payment would've been for Revolut to have provided a tailored written warning that was specifically about the risk of crypto scams - given how prevalent they had become by that point. In doing so, I recognise that it would be difficult for such a warning to cover off every permutation and variation of crypto scams, without significantly losing impact. But I think it would've been a proportionate response to the risk the payments presented.

So, at this point in time, I think that such a warning should have addressed the key risks and features of the most common crypto scams – crypto 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 crypto investment scams, for example referring to: an advertisement on social media, 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. It also ought to have highlighted some of the steps Mr M could take to protect himself from falling victim to a scam – such as carrying out research on the firm before proceeding (including checking the FCA's website and online reviews) and seeking independent financial advice.

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 payment presented.

### If Revolut had provided a warning of the type described, would that have prevented the loss Mr M suffered?

I've thought carefully about whether a tailored written warning of the type I've described would've resonated with Mr M, and to the extent whereby he wouldn't have proceeded with making the payment (or those that followed). Having done so, I think it most likely would.

There's limited evidence of Mr M's communication with the scammer – as it seems it was mostly over the telephone. I haven't however seen anything to suggest Mr M expressed mistrust of Revolut or financial firms in general. Nor have I seen anything to show Mr M ignored any relevant warnings provided by his banking provider from where the funds originated (with the firm confirming no record of any interventions or discussions occurring during the period of the scam).

Mr M's situation had some of the common features of crypto investment scams – such as the use of remote access software and the involvement of a broker acting on his behalf. He'd also come across B via an advert on social media. And so, I think it's likely this would've prompted Mr M to have considered the legitimacy of the investment opportunity with B. And that he would've heeded Revolut's advice to take further steps to protect himself before going ahead.

It follows that I think Mr M would've carried out further checks on B before proceeding or sought independent financial advice. If he'd done this, then I consider Mr M would've likely found various warnings about B online. And research into crypto investments scams would've likely led Mr M to uncover their common features with his situation. Further to this, the FCA had also published their warning about B that same day, which said:

*"This firm may be providing or promoting financial services or products without our permission. You should avoid dealing with this firm and beware of scams."*

Given Mr M attempted the £4,995.02 payment in the late afternoon, I consider it most likely that this FCA warning would've been accessible to him. And so, I think this would've put Mr M on notice that B likely wasn't genuine and that he was falling victim to a scam.

Accordingly, I think this would've deterred Mr M from making the £4,995.02 payment and those that followed. I therefore think Revolut could've prevented his loss from this point.

#### *Is it fair and reasonable for Revolut to be held responsible for Mr M's loss?*

I have taken into account that Mr M remained in control of his money after making the payments from Revolut. It wasn't lost until he took further steps. But Revolut should still have recognised that Mr M was at risk of financial harm from fraud when he made the £4,995.02 payment and ultimately prevented Mr M's loss from that point. I think Revolut can fairly be held responsible for Mr M's loss in such circumstances.

While I have considered all the facts of the case, including the role of other financial institutions involved, Mr M has chosen not to complain about any other firm, and I cannot compel him to do so. And I do not think it would be fair to reduce Mr M's compensation because he's only complained about one firm, as I consider that Revolut should have prevented the loss.

For the reasons I've explained, I consider Revolut ought to have carried out additional checks at the time of the £4,995.02 payment. And if they had, then an appropriately tailored warning about crypto investment scams would've likely led to Mr M realising he was falling victim to a scam. It follows that I consider Mr M's loss would've been prevented.

#### *Should Mr M bear any responsibility for his loss?*

I've thought about whether Mr M should bear any responsibility for his loss. In doing so, I've considered what the law says about contributory negligence, as well as what I consider to be fair and reasonable in all the circumstances of this complaint including taking into account Mr M's own actions and responsibility for the loss he has suffered.

When considering whether a consumer has contributed to their own loss, I must consider whether the consumer's actions showed a lack of care that goes beyond what we would expect from a reasonable person. I must also be satisfied that the lack of care directly contributed to the individual's loss.

Here, I consider that there were sophisticated aspects to this scam – including, for example, B's platform showing the crypto market and how they were performing, the professional interaction had with B and the multiple adverts for B he came across on different platforms.

That said, I must also take account of the following:

- Mr M was looking for investment opportunities online at the time. And so, it would've been reasonable for him to have carried out some checks on B before proceeding. Although Mr M has said he did carry out some due diligence before proceeding (checking a well-known review website), it seemingly didn't uncover warnings about B that ought to have been found from a simple internet search. Nor did Mr M explore the risks of investing in crypto – which likely would've informed him of scams, and how he could protect himself from them.
- Mr M invested significant amounts of money without receiving any significant returns.
- Mr M didn't receive any investment contract or literature. I think this should've been

seen as unusual given the amount he was investing – thereby prompting concerns as to whether B was genuine.

Because of this, and taking everything into account, I think Mr M could've taken steps to protect himself from the scam. Therefore, on balance, I think it would be fair to reduce the amount Revolut pays Mr M because of his role in what happened. Weighing the fault that I've found on both sides, I think a fair deduction is 50%.

#### Could Revolut have done anything to recover Mr M's money?

The debit card payments purchased crypto at legitimate crypto providers before being forwarded on to B. Because of this, there wasn't any funds for Revolut to recover, nor was there any prospect of recovery for the card payments via chargeback (as the service had been provided).

#### Putting things right

I think it is fair that Revolut refund 50% of Mr M's loss from the £4,995.02 payment on 16 June 2023 onwards – thereby bringing a total of £16,531.26  $[(£33,078.79 - £16.27) * 0.5]$ . Revolut should also add 8% simple interest to the payments to compensate Mr M for his loss of the use of money.

#### **My final decision**

My final decision is that I uphold this complaint in part. I direct Revolut Ltd to pay Mr M:

- £16,531.26
- 8% simple interest, per year, from the date of each payment made on and after the 16 June 2023 to the date of settlement less any tax lawfully deductible.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 31 October 2025.

Daniel O'Dell  
**Ombudsman**