

The complaint

Mr M complains that Revolut Ltd didn't do enough to protect him from the financial harm caused by an investment scam, or to help him recover the money once he'd reported the scam to it.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr M came across an advert on social media for an opportunity to invest in cryptocurrency with a company I'll refer to as "A". Mr M was satisfied A's website appeared genuine and he found some positive reviews on Trust Pilot, but, unfortunately, A was a clone of a genuine company.

He completed an online form and was contacted by someone I'll refer to as "the scammer", who claimed to be an investment broker. The scammer asked him purchase cryptocurrency through a cryptocurrency exchange company and then load it onto an online wallet. Mr M transferred funds from Bank N and Bank H, and between 11 January 2024 and 26 February 2024, he made five faster payments out of his Revolut account to two different beneficiaries. He also made six cryptocurrency withdrawals.

He made a small withdrawal at the start of the investment, but he realised he'd been scammed when he was unable to withdraw any more of his funds. He complained to Revolut arguing that it should have intervened to ask probing questions and given him an effective warning. But Revolut refused to refund any of the money he'd lost. It said Mr M reported the scam on 16 April 2024 and it launched the request to retrieve the funds from the fraudulent account, but it was yet to receive a positive outcome.

It also said its intervention was proportionate and the warnings it gave were detailed and targeted. It explained Mr M was shown new beneficiary warnings before the first payment to each new beneficiary and for three of the payments he was asked about the purpose of the payment, if he was being pressured, and if he'd been called unexpectedly. He was then shown a message relevant to the selected purpose followed by educational screens regarding the type of potential scam. He was also notified that cryptocurrency withdrawals are non-reversible.

Mr M wasn't satisfied and so he complained to this service with the assistance of his representative who said the payments were unusually high for the account and Revolut should have contacted him by phone and asked probing questions. Responding to the complaint, Revolut said that this service couldn't consider the part of the complaint which related to the withdrawal of cryptocurrency because cryptocurrency is unregulated.

It said the transactions were self-to-self and in line with the selected account purpose, which was 'crypto'. It said Mr M was forced into a group chat for the sixth transfer he tried to make, but the chat was left unanswered and so the payment wasn't successful. It argued that he

was committed to proceeding with the transfers and even if it had issued further warnings or intervened sooner, it wouldn't have made a difference because he was prepared to mislead it and disregard the targeted warnings it gave.

Revolut also said that Mr M contributed to his own loss because he disregarded the information it provided and circumvented its security measures, displaying a persistent level of commitment to making the payments. It commented that social media isn't commonly used by professional investment companies and he had ample time to carry out further research before going ahead with the investment.

It further argued that the fraudulent activity didn't occur primarily on the Revolut platform and for this service to effectively apply the reimbursement rules to self-to-self transactions is an error of law. Alternatively, we have irrationally failed to consider the fact that the transactions are self-to-self and therefore obviously distinguishable from transactions subject to the regulatory regime concerning APP fraud. It also said that it is irrational to hold it liable for losses in circumstances where it is merely an intermediate link, and there are typically other authorised banks and financial institutions in the payment chain that have comparatively greater data on the customer.

Our investigator didn't think the complaint should be upheld. She explained that this service cannot look at the cryptocurrency withdrawals in isolation as this isn't a regulated activity. But we can look at the broader context of the complaint including the deposit of funds into the account at the time, and the subsequent exchange from fiat currency into cryptocurrency.

She commented that the exchanges to cryptocurrency were low value and wouldn't have been viewed as unusual or suspicious. And she didn't think Revolut needed to be concerned with the incoming payments.

She noted that Revolut would have known that Mr M was paying a cryptocurrency merchant, so she would expect it to provide a written warning tailored to cryptocurrency investment scams. But she didn't think this would have stopped the scam. She explained that Revolut had intervened on three occasions and Mr M had said he was investing in cryptocurrency, he'd discovered the investment opportunity via a friend/family member, he had control of the beneficiary account, he'd invested in cryptocurrency before, and he'd done some research.

He was then warned: *"This could be a crypto scam...STOP: Crypto scams promise high returns in short periods of time and might even have professional looking online platforms...beware of social media promotions...fraudsters used social media to promote fake investment opportunities...read online reviews to make sure it's legitimate...don't give anyone remote access...scammers may ask you to install software to view your screen...do your crypto research...most crypto exchanges aren't regulated...search for mentions of scams in online reviews...don't be rushed...take your time and speak with family and friends before making large investments. Say no if you're being pressured to invest."*

Our investigator was satisfied the intervention was proportionate and she felt Mr M was determined to make the transfers, so even if it had issued further warnings, the outcome would have been the same.

She was also satisfied that Revolut did what it could to recover Mr M's money once it was aware of the fraud, but the first merchant said it had completed the service Mr M requested, and the second merchant confirmed that no funds remained.

Mr M has asked for his complaint to be reviewed by an Ombudsman. His representative has argued that the lack of transactional history should have been a red flag, Revolut should

have provided more personalised guidance, and the educational stories didn't address the psychological manipulation involved in cryptocurrency investment scams. They have explained that Mr M was struggling to engage with Revolut as he couldn't get through on the app, and he couldn't explain why he responded to Revolut's questions in the way that he did, but he'd done a lot of research and was confident the investment was legitimate, especially as he'd made a withdrawal.

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 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.

I'm satisfied Mr M 'authorised' the payments for the purposes of the of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although he didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of his bank account, Mr M is presumed liable for the loss in the first instance.

There's no dispute that this was a scam, but although Mr M didn't intend his money to go to scammers, he did authorise the disputed payments. Revolut is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

Jurisdiction

Our service can consider a wide variety of complaints about financial services, but we can't consider all the matters referred to us. The Dispute Resolution Rules (DISP) set out the complaints that fall within our remit and are found in the Financial Conduct Authority's (FCA) handbook. Mr M's complaint arises from his customer relationship with a UK based firm, which is regulated by the FCA. But there are other factors which affect whether our service can consider a complaint – and DISP includes limits on the activities we can review.

According to the rules, we can consider a complaint under our Compulsory Jurisdiction if it relates to an act or omission by a firm in carrying on one or more of the activities listed under DISP 2.3. Having reviewed those activities, I've decided we can't look into the part of Mr M's complaint which relates to the transfer or withdrawal of cryptocurrency from the Revolut platform. I hope the below explanation of why is helpful.

Mr M had an account with Revolut which allowed him to trade in cryptocurrency. But the operation of cryptocurrency services isn't currently a regulated activity, or one that's listed under DISP 2.3 – so we aren't able to look into complaints about it. Cryptocurrency isn't electronic money or 'fiat currency' according to the FCA – instead it classifies cryptocurrency, and similar crypto-assets, as 'exchange tokens'. So, while Revolut is also a Payment Services provider, the withdrawal of cryptocurrency doesn't concern e-money or a payment account – and so doesn't fall under our remit as being about a payment service. However, our service can look into complaints about activities that are ancillary to the ones covered by us (those listed under DISP 2.3). The steps leading up to the transfer/withdrawal of cryptocurrency also includes both the acceptance of funds into Mr M's account and then a subsequent request for Revolut to exchange fiat money into cryptocurrency.

I am satisfied that these earlier steps amount to payment services, and in the case of the exchanges, at the very least an activity which is ancillary to payment services. Given the broad nature of this complaint, I'm satisfied that the exchange to cryptocurrency is an activity our service can consider.

For the reasons I've given, our service doesn't have the remit to consider the element of Mr M's complaint which relates to the transfer/withdrawal of cryptocurrency from the Revolut platform.

The part of the complaint I can consider

I'm satisfied Mr M 'authorised' the payments for the purposes of the of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although he didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of his bank account, he is presumed liable for the loss in the first instance.

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Prevention

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 to have been good industry practice at the time, I consider it fair and reasonable in January 2024 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.

I've thought about whether Revolut could have done more to prevent the scam from occurring altogether. Buying cryptocurrency is a legitimate activity and from the evidence I've seen, the payments were made to genuine cryptocurrency exchange companies. However, Revolut ought to fairly and reasonably be alert to fraud and scams and these payments were

part of a wider scam, so I need to consider whether it did enough to warn Mr M when he tried to make the payments.

The payments did flag as suspicious on Revolut's systems, so I've considered whether it intervened at the right time and whether it did enough. Mr M was shown a new payee warning before each payment to a new beneficiary and for payments two, five and six, he was asked to provide a payment purpose and required to respond to a tailored questionnaire before being shown educational stories. Payment six was declined because he failed to engage in a live chat.

I've considered whether Revolut ought to have done more on 11 January 2024 when Mr M made the first payment and I think it should have done because even though the payment was consistent with the account opening purpose, he was sending 4,603.73 EUR to a cryptocurrency merchant. However, based on what happened when it did intervene, I don't think an earlier intervention would have made any difference.

Each time Mr M was asked to provide a payment purpose, he said he was investing in cryptocurrency as part of an investment, he wasn't being assisted, he hadn't been asked to download remote access software, he'd invested in cryptocurrency before, he'd done research, and he didn't find the opportunity on social media.

I've considered these responses, and as he didn't disclose that he was being assisted by a third party and that he found the opportunity on social media, Revolut didn't have the information it needed to detect the scam. I think the questions it did ask were relevant to cryptocurrency scams and I think he'd have continued to mislead Revolut if it had asked him more questions. So, I don't think there was anything else it could have done to detect the scam.

I've also considered the warnings Mr M was given (see above) and I'm satisfied they were sufficiently detailed and relevant, and I don't think a similar warning on 11 January 2024 would have made any difference. So, while I think Revolut should have intervened sooner, I don't think this represented a missed opportunity to have prevented the scam.

Recovery

I don't think there was a realistic prospect of a successful recovery because Mr M paid an account in his own name and moved the funds onwards from there.

Compensation

The main cause for the upset was the scammer who persuaded Mr M to part with his funds. I haven't found any errors or delays to Revolut's investigation, so I don't think he is entitled to any compensation.

I'm sorry to hear Mr M has lost money and the effect this has had on him. But for the reasons I've explained, I don't think Revolut is to blame for this and so I can't fairly tell it to do anything further to resolve this complaint.

My final decision

For the reasons I've outlined above, 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 M to accept or reject my decision before 8 September 2025.

Carolyn Bonnell
Ombudsman