

The complaint

Mr A complains that Revolut Ltd (“Revolut”) won’t refund the money that he lost to a scam.

What happened

The details of this complaint are well known to both parties, so I won’t repeat everything again here. In brief, Mr A saw an advert in a financial section of a well-known website for a company that I will call B. B purported to be a crypto trading firm in which you would earn daily returns. In order to fund his “investment”, Mr A would need to send crypto to B. It is unclear exactly which transactions are part of this scam, but it seems that they consisted firstly of a number of peer-to-peer crypto transactions, followed by transactions directly to a crypto exchange. In both instances, the crypto was then sent to B. From what I can see Mr A sent over £7,000 to B in around 10 transactions in October and November 2023 and these were a mixture of transfers and card payments.

Our investigator rejected this complaint as they thought that Revolut should have intervened when a payment of £5,686 was made on 21 November 2023 and provided a tailored warning setting out the features of crypto scams. They said that Revolut had provided a warning for this payment but that it was not sufficiently detailed. But they said that a more detailed warning would not likely have made a difference, due to the atypical nature of the scam. Specifically, that there was no broker involved, no remote access and that Mr A had not seen the opportunity on social media.

Mr A did not agree to this and therefore this case has been passed to me to issue a 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 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 October 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;

- 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; (post-CD only)
- 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 including in relation to card payments);
- 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 agree with the investigator that Revolut did not need to intervene until the payment of £5,686 was made on 21 November 2023. This was the final payment made to the scammer. There were a number of payments before this but they were small and were made to what seems to have been a number of different beneficiaries. So I don't think that they were indicative of someone being scammed. I also note that there was a gap of six weeks between Mr A's first two payments to a crypto exchange and the subsequent payments.

I think a proportionate intervention at this point would have been a tailored warning, setting out the common features of crypto scams. So, I've then thought about whether a warning from Revolut at that point would've prevented Mr A from sending the payment.

Firstly, I should highlight that Revolut did provide a warning saying that the transaction could be an investment scam, that high returns in short period of times aren't guaranteed anywhere, that Mr A should be wary of social media promotions, that he should not give anyone remote access to his computer and he should do his own research. Although Revolut did point out many features of a scam, as the payment looks to have been linked to a crypto currency based organisation, I think that this warning could have also set out more features of crypto scams.

These would be things like an advert on social media fronted by a celebrity, having a broker and quickly making large profits that you have to pay to release. But in this instance Mr A found B via an advert on a financial section of a well-known website. There was no broker that Mr A was introduced to. And I can't see that Mr A was told he needed to pay a fee to release his profits. So, whilst I accept that Revolut could have mentioned other common features of crypto scams, I don't think that this would have resonated with Mr A due to the details of the particular scam that Mr A fell for. So I don't think a more detailed warning would have likely stopped the scam.

So overall, I think that Revolut should have done more during the payment of £5,686. But I do not think that this would have stopped the scam. Therefore, even if things had gone as they should've with Revolut, I think Mr A would've likely still have incurred the loss that he did.

Recovery

I've also thought about whether Revolut could have done more to attempt to recover the payments after Mr A reported the fraud. But Revolut are not part of the Contingent Reimbursement Model ("CRM"). So they do not need to refund the transfer. Moreover, in peer-to-peer crypto exchanges, the person who is paid the funds is not generally connected to the scammer.

In relation to attempting a chargeback for the card payments, Mr A was paying the crypto exchange to essentially send funds from his Revolut account to his own crypto account to purchase crypto - which is what happened. So, as he got what he paid for, there are no reasonable grounds for a chargeback to succeed here.

I appreciate this will come as a disappointment to Mr A, 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 A to accept or reject my decision before 24 April 2025.

Charlie Newton
Ombudsman