

The complaint

Mr K 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.

In February 2023, Mr K saw an advert for an investment opportunity on social media. He clicked on the link and registered his interest. He was then contacted by someone I'll refer to as "the scammer" who claimed to be a broker.

The scammer told him to register with an investment platform I'll refer to as "T" and sent him a payment link for an initial fee of £198.48 to a cryptocurrency merchant, which he paid card. He then deposited funds into his Revolut account, which he exchanged to cryptocurrency before transferring the cryptocurrency to the investment platform.

Between 1 February and 7 March 2024, he exchanged £6,866.76 into cryptocurrency on the Revolut platform. He also made six separate transfers to an external wallet in his own name. Unfortunately, he realised he'd been scammed when he was unable to withdraw funds from the trading platform and he lost contact with the scammer.

Mr K complained to Revolut on 15 March 2024, but it refused to refund any of the money he'd lost. It said it attempted to recover the funds within 24 hours of being told about the scam, but it was unable to recover any funds. It further explained that the cryptocurrency was withdrawn to a cryptocurrency account Mr K's own name, and he'd been notified that cryptocurrency withdrawals are non-reversible.

Mr K wasn't satisfied and so he complained to this service stating that Revolut didn't give him any warnings and he received poor customer service.

Responding to the complaint, Revolut stated that the transfer of cryptocurrency is not regulated by the Financial Conduct Authority (FCA), so this service doesn't have jurisdiction to hear a complaint about a loss resulting from such an activity. And once cryptocurrency is withdrawn from Revolut, it is untraceable, and non-recoverable.

It explained that Mr K opened the account on 27 June 2022, declaring the intended purpose as foreign exchange, spending abroad and overseas transfers. It said it has a specific warning for cryptocurrency withdrawals for each new beneficiary, and that its customers are warned about different risks associated with cryptocurrency withdrawals to external wallets. Mr K was therefore presented with an effective warning when he made the first withdrawal, which he'd have had to acknowledge before sending the payment.

It said the withdrawal on 1 February 2024 triggered its security systems and Mr K confirmed the purpose of the transaction was 'something else'. This was followed with a further,

tailored warning message and a set of dynamic educational stories to warn him that there was a high probability that the payment was a scam. He was also given the opportunity to consult with customer support before proceeding. It said the warnings were adequate and Mr K failed to take reasonable care by ignoring the warnings.

Our investigator didn't think the complaint should be upheld. He explained that transferring/withdrawing cryptocurrency isn't a regulated activity, but we could consider the deposit of funds into the account and the subsequent exchange from fiat currency into cryptocurrency.

He said he didn't think the initial card payment would have appeared suspicious considering Mr K's general account and payments activity. And he didn't think there would have been anything concerning about the deposits he'd made into the account because they came from an account with another provider in Mr K's name.

He further explained that he didn't think the cryptocurrency exchanges carried obvious signs of a scam or serious risk of financial harm because they weren't of significant value, and they were sporadic and occurred over five weeks. So, he didn't think Revolut missed an opportunity to intervene.

Finally, he said there would have been no prospect of a successful chargeback for the card payment because the cryptocurrency merchant would be considered as having provided a service, and he didn't think Mr K was entitled to any compensation.

Mr K has asked for his complaint to be reviewed by an Ombudsman arguing that it should have given him a warning even though he was sending cryptocurrency.

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 K 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.

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 K's complaint arises from her 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 K'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 K 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 K'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 K'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 K '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.

There's no dispute that this was a scam, but although Mr K didn't intend his money to go to scammers, she 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.

Prevention

The business was an emoney/money remittance provider and at the time these events took place it wasn't subject to all of the same rules, regulations and best practice that applied to banks and building societies. But it was subject to the FCA's Principles for Businesses and BCOBS 2 and owed a duty of care to protect its customers against the risk of fraud and scams so far as reasonably possible.

I've thought about whether Revolut could have done more to prevent the scam from occurring altogether. If there are unusual or suspicious transactions on an account, I'd expect it to intervene with a view to protecting Mr K from financial harm due to fraud.

I've considered the nature of the transactions in the context of whether they were unusual or uncharacteristic of how Mr K normally ran his account, and I don't think they were. Revolut would have known that the card payment was to a cryptocurrency exchange, but it was very low value and so it wouldn't have needed to intervene. And there was nothing suspicious about the deposits he received into the account because they were being funded by an account in his own name.

I've also looked at the exchanges into cryptocurrency and I've noted the highest transaction was for £2,000 and they were spread out over more than a month, so I don't think they were suspicious or that Revolut needed to intervene. And, consequently, I don't think it missed an opportunity to prevent Mr K's loss.

Recovery

Mr K's own testimony supports that he used a cryptocurrency merchant to facilitate the card payment. Its only possible to make a chargeback claim to the merchant that received the disputed payments. It's most likely that the cryptocurrency merchant would have been able to evidence they'd done what was asked of them. That is, in exchange for Mr K's payments, they converted and sent an amount of cryptocurrency to the wallet address provided. So, any chargeback was destined fail, therefore I'm satisfied that Revolut's decision not to raise a chargeback request was fair.

Compensation

The main cause for the upset was the scammer who persuaded Mr K 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.

Overall, I'm satisfied Revolut took the correct steps prior to the funds being released – as well as the steps it took after being notified of the potential fraud. I'm sorry to hear Mr K 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 K to accept or reject my decision before 21 April 2025.

Carolyn Bonnell
Ombudsman