

The complaint

Miss B complains that Revolut Limited ('Revolut') won't refund the money she lost to an investment scam.

She's being represented by a firm of solicitors. To keep things simple, I'll refer to Miss B throughout this decision.

What happened

In summary, Miss B says that, in October 2023, she was messaged by someone (she later discovered was a scammer) for advice on a property purchase. The contact was through a genuine portal and not unexpected in the context of her work. The communication continued but mixed in with discussions around a property purchase, the scammer offered to help Miss B with 'investing' in cryptocurrency – claiming this was their field.

Believing she was dealing with a genuine professional, she followed their advice to 'invest' as instructed. As part of the process, she was told to open wallets and was sent a link to set up a 'trading platform'. All payments were for 'investment'. The funds were sent from Miss B's personal bank to her existing Revolut account and from there to crypto-exchanges for the purchase of cryptocurrency. The cryptocurrency was then sent and lost to the scam.

She says she realised she'd been scammed when she was unable to withdraw and was instead repeatedly told she needed to pay more for that to happen. By that time, around £28,000 had been lost to the scam. Below are the payments I've considered as part of this complaint. To note, £100 was later recovered and paid to Miss B in December 2023.

	Dates	Method	Payee	Amount
1	07-Nov-23	Card payment	Cro	£3,155.30
2	08-Nov-23	Transfer	Coinbase	£14,000
3	09-Nov-23	Transfer	Coinbase	£11,100

A complaint was made to Revolut and referred to our Service. Our Investigator upheld it. She noted Revolut had intervened on some payments but thought its intervention for Payment 2 should have gone further than it did – and that, if it had, the scam would have likely been exposed, given also that's what happened when it contacted Miss B to discuss her restricted account on 12 November 2023. She also thought Miss B played a part in what happened such that Revolut should refund 50% of Payments 2 and 3, plus interest.

Miss B accepted the Investigator's outcome. Revolut didn't. In summary, it has said:

- It has no legal duty to prevent scams and no obligation to reimburse scam victims outside of the reimbursement rules, which don't apply to these payments. Payments to a customer's own account ('self-to-self') don't meet the definition of an APP scam.
- It shouldn't be responsible for a customer's loss where it's only an intermediate link in a chain of transactions. It is contractually obliged to execute valid payment instructions,

with limited exceptions. The payments were authorised, to legitimate crypto-exchanges, and not out of character, nor unexpected, with the typical way its accounts are used.

- The role of other financial businesses (including any interventions or warnings they might have provided) needs to be considered. And the Financial Ombudsman should inform Miss B it might be appropriate to make a complaint against another respondent.
- It intervened on some payments and provided Miss B with tailored warnings which were ignored. It's reasonable to assume any further interventions would have been ignored. It was able to uncover the scam and stop further losses when the account was restricted and Miss B was asked questions in the 'live' chat.
- Miss B failed to meet her due diligence obligations. She didn't carry out sufficient checks into the platform. Suspicions should have been raised given how the opportunity came about. She took advice from a stranger and their word at face value. The degree of carelessness displaces any liability Revolut might otherwise have had.

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 (the 2017 regulations) and the terms and conditions of the customer's account.

But that's not the end of the matter. Our Service has issued many decisions setting out the relevant considerations we take into account when deciding what's fair and reasonable in these types of cases. In summary, 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 its 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;
- 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;
- 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 and the use of payments to cryptocurrency as a step to defraud) and the different risks these can present to consumers, when deciding whether to intervene.

Should Revolut have recognised that Miss B was at risk of financial harm from fraud?

It's not in dispute Miss B was scammed and that she authorised payments from her account for the purchase of cryptocurrency that was sent to the fraudster. I recognise Revolut wasn't the point of loss and it took further steps before the funds were lost to the scam.

But it's also important to consider that, by November 2023, Revolut ought to have been aware of the risk of multi-stage fraud involving cryptocurrency for some time. The FCA and Action Fraud published warnings about cryptocurrency scams in mid-2018 and figures published by the latter show that losses suffered to cryptocurrency scams have continued to increase since. They reached record levels in 2022. And, by the end of 2022, many high-street banks had taken steps to limit their customer's ability to buy cryptocurrency using their accounts or increase friction for such payments, owing to the associated elevated risk.

So, taking all this into account, I'm satisfied that, by November 2023, Revolut ought to fairly and reasonably have recognised its customers could be at an increased risk of fraud when using its services to purchase cryptocurrency, notwithstanding that a payment would often be made to an account in the consumer's name. And, as a matter of what I consider to have been fair and reasonable and good practice, Revolut should have had appropriate systems for making checks and delivering warnings before processing such payments.

The introduction of the FCA's Consumer Duty, in July 2023, further supports this view. It requires Revolut to avoid causing foreseeable harm to its customers by, among other things, having adequate systems in place to detect and prevent scams. In light of the increase in multi-stage fraud, involving cryptocurrency, I'm not convinced the fact that payments went to accounts in a customer's name should have led Revolut to think there was no scam risk.

I've therefore considered, taking account of what Revolut knew about the payments, at what point, if any, it ought to have identified Miss B might be at a heightened risk of fraud.

Like the Investigator, I consider there was enough about Payment 1, considering its value, Miss B's account history, and what Revolut should have known about the elevated scam risk associated with the payee, for it to have intervened with a *better automated warning*. I think this level of intervention would have been proportionate in light of the risk presented at that time. And, with such an intervention, I'd have expected Revolut to have factored in the type of payee and to have asked a series of simple automated questions in the payment flow in an attempt to narrow down (as far as possible) the possible scam that was taking place.

That said, Revolut did intervene on Payments 1 and 2 to provide Miss B with such a warning. And given she went on to make payments, despite having been shown warnings around some key aspects common to crypto-investment scams, I can't fairly conclude this level of intervention would have been enough to have prevented her losses. But I think the position had changed when it came to Payment 2. This was again a payment to a crypto-exchange and carried an elevated scam risk. The payment itself was for a significant amount. It brought the daily and collective spend to a significant amount over a short space of time on an account that had typically been used for much lower value transactions.

In my view, considering these factors, I think a proportionate response to the risk presented by Payment 2 would have been for Revolut to have gone *beyond* the automated questions and static warnings based on the answers received. By that point, it should have done more to establish if a possible scam was taking place through a direct 'live' intervention by one of its agents to discuss the situation in more detail (for example, through its *in-app* chat).

It's important for me to add here that while Miss B was brought into 'live' chat (following the automated warnings on Payment 2), I can't see that any additional questions were asked to find out more about her situation. Instead, she was shown more warnings relevant to the more common types of crypto-investment scams we see, such as unsolicited contact, fake social media posts, and paying fees and taxes. I can understand why these again didn't do enough to resonate given what Miss B has described about how the scam was conducted.

Would such a 'live' intervention have prevented Miss B's further losses?

To reiterate, I accept Revolut took some steps to establish a possible scam risk and I don't discount the warnings it provided. But I don't think the steps it took went far enough when it came to Payment 2. And, on balance, I think that, if it had taken steps to establish a potential scam risk through a proportionate 'live' intervention, then the scam would have likely been exposed; Miss B would have stopped payments; and she wouldn't have lost more money.

I'm mindful that, in this scenario, it's no longer a case of Miss B answering questions in the automated payment flow and being shown static warnings. There would have been a natural opportunity for Revolut to find out more about the wider circumstances through open questioning and to probe on answers to establish if a possible scam was taking place. As above, that didn't happen until later after all the disputed payments had been made.

I realise the success of any such interaction relies on the customer answering questions honestly. But there's little to indicate Miss B wouldn't have done so here. I've seen nothing to suggest she was coached on what to say in the scam chat. Revolut itself has acknowledged Miss B was honest in answering that her payments were 'As part of an investment'. And, as referred to by the Investigator, it's clear that when Miss B was brought into 'live' chat on 12 November 2023, she again answered honestly to questions asked; paid attention to the warnings given; took steps to establish if she was being scammed (she tested if she could withdraw from the fake platform) and ultimately didn't send any more money.

In other words, I agree Revolut's intervention on 12 November 2023 was successful in preventing further losses. But I think that level of intervention (which provided Miss B with the perspective she needed to recognise a scam risk) should have come sooner than it did. If it had, I think it's unlikely Miss B would have sent more money after a similar discussion at Payment 2 about what her situation looked like.

Is it fair and reasonable for Revolut to be held responsible for Miss B's losses?

I've taken into account that Miss B remained in control of her money after making the payments from Revolut. It wasn't lost until she took further steps. But I'm satisfied that Revolut should still have recognised Miss B was at risk of financial harm from fraud and made further enquiries about Payment 2. If it had, she wouldn't have lost more money. I think Revolut can fairly be held responsible for Miss B's losses in such circumstances.

While I've considered all the facts of the case and I accept it's possible other firms might have missed an opportunity to prevent the scam, Miss B hasn't complained about any other firm. I can't compel her to and I don't think it'd be fair to reduce her refund because she's only complained about one firm that could have stopped her losses. As before, I think a timely and proportionate intervention from Revolut would have prevented the scam. She engaged with its 'live' chat and her payments stopped as a result of a *level* of interaction I think should have happened at Payment 2. For completeness, following our enquiries, I've seen nothing to show the sending firm intervened or was misled about the circumstances surrounding Miss B's payments.

As for Revolut's comments on the payments falling outside reimbursement schemes, I'm not persuaded this means I can't consider if it failed to act fairly and reasonably in this case. I've given my reasons for finding it should have done more to protect Miss B from fraud and why she wouldn't then have lost more money. I'm satisfied it's fair and reasonable to hold it liable for her losses in these circumstances (subject to a deduction for contributory negligence).

Should Miss B share any responsibility for her losses?

In considering this point, I've taken into account what the law says about contributory negligence as well as what's fair and reasonable in the circumstances of this complaint.

As noted above, the Investigator upheld Miss B's complaint and concluded that the refund payable by Revolut can be reduced by 50% to account for her contributory negligence. Miss B accepted that outcome and I agree that's the fair position.

There were sophisticated aspects to this scam, including the platform Miss B was introduced to. I'm mindful Miss B was contacted by the scammer through legitimate channels in the course of her business. And, having read the messages she exchanged, I don't agree the circumstances in which discussions around 'investments' arose were so unnatural as to find Miss B acted negligently in continuing a conversation with an individual she genuinely thought was a client interested in buying property. It's also not clear to me what information Miss B would have likely found on the scam platform if she'd carried out due diligence.

At the same time, I don't overlook Miss B sent significant amounts as instructed by someone she knew little about. She says she had moments of suspecting something wasn't quite right and continued against her better judgement. She received some relevant warnings (such as investments that are 'too good to be true'). In the scam chat, she was promised "*guaranteed earnings*". These kinds of promises would strike most people as unrealistic and should have put her on notice the 'opportunity' might not be genuine. She could have done more to check (independently of the scammer) before making payments given the red flags and her own developing concerns. If she'd carried out more checks (as would reasonably be expected) she'd have likely found, for example, that genuine investments are highly unlikely to offer guarantees like the ones she was given.

In the circumstances, weighing up the role both parties to the case played in what happened, I agree liability for Miss B's losses should fairly and reasonably be shared equally, such that the refund Revolut needs to pay can be reduced by 50%.

Recovery

In terms of recovery, there was little Revolut could have done. For the transfers, the funds had been used to buy cryptocurrency that had been sent on to the scammer by the time the scam was exposed. For the card payment, it's unlikely a chargeback would have been successful as there's no dispute the merchant provided the cryptocurrency as intended.

Putting things right

For the reasons I've given, I uphold this complaint and direct Revolut Ltd to:

- Refund Payments 2 and 3 (less credits received).
- Reduce this amount by 50% to account for Miss B's contributory negligence.
- Pay 8% simple per year on this amount from date of payment to date of settlement (less tax lawfully deductible).

My final decision

For the reasons I've given, I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 7 August 2025.

Thomas Cardia

Ombudsman