

## The complaint

Mr F is unhappy that Revolut Ltd won't reimburse money he lost to a scam.

## What happened

On 24 October 2024, I issued my provisional decision on this complaint. I wanted to give both parties a chance to provide any more evidence and arguments before I issued my final decision. Those provisional findings form part of this final decision and are copied below.

### *What happened*

*In 2019 Mr F fell victim to a cryptocurrency investment scam. At that time he believed he was investing money through a legitimate investment company. But after his balance had apparently grown to over \$100,000, he says that the fraudsters stopped calling him and the trading platform became inaccessible.*

*Mr F says he began to receive calls in 2021/22 from people who claimed that they could recover his money. Mr F says he was interested because he understood that he had purchased a number of Bitcoin in 2019. In March 2023, he received one such call and found it to be more convincing than the previous calls he'd received. He was told that the caller had managed to locate his cryptocurrency and it was now worth £51,000. The caller claimed to be representing "A" – a genuine cryptocurrency provider.*

*In order to obtain his cryptocurrency, he was told he'd need to use a Revolut account and that of another cryptocurrency provider – "M". Mr F already held a Revolut account (he'd held it for over a year, but used it infrequently) but needed to open an account at M.*

*Mr F then received an email, apparently from A. It explained that he'd need to prove that he had 'liquidity' by paying 10% of the value of his investment.*

*So, in April 2024, Mr F made a debit card payment of £4,380 to M in order to purchase cryptocurrency, which was then sent to a non-custodial cryptocurrency wallet actually provided by A. That wallet was controlled by the fraudsters.*

*When a second request came, this time for 15% of the value of the investment, Mr F realised he'd been the victim of a scam and stopped corresponding with the fraudsters.*

*Mr F reported the matter to Revolut several months later – in June 2023. It said that it had tried to recover the payments through the chargeback scheme but had been unsuccessful. Mr F, through a professional representative, referred the matter to our service. He thought that Revolut ought to have found the payment he made to be suspicious and should have warned him before the payment went ahead.*

*One of our Investigators upheld the complaint in part. They thought that Revolut ought to have provided a warning about cryptocurrency scams and had it done so, the scam would have come to light and the loss would have been prevented. However, they also thought that Mr F should have been more sceptical of the fraudsters promises, so they recommended*

*that Revolut refund 50% of the payment Mr F made, as well as pay him 8% simple interest per year from the date of the payment to the date of settlement.*

*Mr F accepted our investigator's recommendations, but Revolut didn't agree. It said it had no duty to prevent fraud and it is bound to execute valid payment instructions. It also argued that Mr F didn't carry out sufficient due diligence before making the payment. As Revolut didn't agree, the case has been escalated to me to determine.*

*What I've provisionally 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 deciding what's fair and reasonable in all the circumstances of a complaint, I am required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.*

*I'm sorry to disappoint Mr F but I've reached a different outcome to that reached by the investigator. I'll explain why.*

*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 April 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;*
- 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'm satisfied that by April 2023, Revolut should have recognised that its customers might be at risk of financial harm from fraud when making payments to cryptocurrency providers, as was the case here. At that point, cryptocurrency scams were well-known and many high street banks had taken steps to significantly limit or introduce additional friction on payments to cryptocurrency providers.*

*And, despite a lack of previous account activity to compare the payment against, I consider that Revolut should have identified the payment that Mr F made in April 2023 as carrying*

*additional risk of fraud – it was a relatively substantially sized payment and unlike any that had proceeded it.*

*So, I think that Revolut should have recognised the increased risk of fraud associated with that payment and I think that a proportionate response to that risk would have been for Revolut to have provided a written warning to Mr F. Knowing that the payment was going to a cryptocurrency provider, Revolut ought to have provided a warning that was specifically about the risk of cryptocurrency scams, given how prevalent they were by April 2023. In doing so, I recognise that it would be difficult for such a warning to cover off every permutation and variation of cryptocurrency scam, without significantly losing impact.*

*So, at this point in time, I think that such a warning should have addressed the key risks and features of the most common cryptocurrency scams – cryptocurrency investment scams. The warning it ought to have provided should have highlighted, in understandable terms, the key features of that kind of scam, for example: an advertisement on social media, promoted by a celebrity or public figure, 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.*

*But Mr F wasn’t falling victim to a cryptocurrency investment scam at that point – he thought he was paying a third party to recover his lost cryptocurrency. So, a warning about cryptocurrency investment scams which mentioned some or all of the features I’ve set out is unlikely to have resonated with him – other than perhaps to confirm his belief that he’d fallen victim to a similar scam some years before.*

*I recognise that paying fees, taxes or charges in order to release an investment has become an increasingly common tactic employed by fraudsters in order to extract additional monies from a cryptocurrency investment scam victim. However, in April 2023, I can’t see that there was significant wider coverage of this (for example by the regulator or Action Fraud) and I don’t think that I can fairly conclude that a cryptocurrency investment scam warning at this time must have mentioned this feature.*

*In addition, even if I were to conclude that such a warning ought to have advised against paying fees in order to release an investment, that advice would be in the context of a warning about a different type of scam and would only be a small part of such a warning. All things considered, while I think Revolut ought to have warned Mr F about the payment he was making, I don’t think that a proportionate and appropriate warning is likely to have prevented his loss. In addition, I’m satisfied with Revolut’s attempts to recover Mr F’s loss, which were always unlikely to be successful. It follows that I’ve provisionally decided not to uphold his complaint.*

*My provisional decision*

*For the reasons I’ve explained, my provisional decision is that I do not uphold this complaint.*

Revolut didn’t respond to my provisional decision. Mr F’s representatives didn’t agree. They argued that the payment was high risk because of its value, the fact it was going to a cryptocurrency provider and because it used up the entire balance of the account. They argued that the level of risk associated with the transaction meant that Revolut should have directed Mr F to its in-app chat and asked him probing questions about the transaction. Had it done this, they argued, the scam would have come to light and the loss would have been prevented.

## **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.

I don't dispute that, had Revolut directed Mr F to its in-app chat for a conversation about the payment, the scam is more likely than not to have come to light and his loss would have been prevented. But, as I've set out above, I don't consider that, taking into account all of the characteristics of the payment, it would have been a proportionate response to the risk it presented for Revolut to have directed Mr F to its in-app chat. Instead, I think that a warning of the type I've described would have been a proportionate response to that risk, taking into account that Revolut needs to strike a balance between protecting against fraud and not unduly hindering legitimate transactions.

As there appears to be agreement that the kind of warning I've described would not have prevented the scam, my final decision is unchanged from my provisional findings and I do not uphold this complaint.

## **My final decision**

For the reasons I've explained, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 4 December 2024.

Rich Drury  
**Ombudsman**