

The complaint

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

What happened

Mr C fell victim to a cryptocurrency investment scam after responding to an advert he found online. He was instructed to open a Revolut account on 6 April 2023 and made the payments set out in the table below from it.

| Payment number | Date (and time, where relevant) | Amount | Recipient |
|----------------|---------------------------------|----------------------|----------------------------|
| 1 | 10 April 2023 | £2,000 | B Cryptocurrency Exchange |
| 2 | 11 May 2023 | £1,200 | B Cryptocurrency Exchange |
| | 25 May 2023 | <i>£77.95 Credit</i> | Credit into Bank H account |
| 3 | 25 May 2023 (16:37) | £5,000 | B Cryptocurrency Exchange |
| 4 | 25 May 2023 (16:43) | £5,000 | B Cryptocurrency Exchange |
| | Total | £13,200 | |

From B Cryptocurrency Exchange he sent cryptocurrency to the fraudulent trading platform ("D Investment Platform") under the instruction of the fraudster and being guided by them through the use of remote access software.

Mr C understood that he was trading in commodities and currencies with the help of an account manager. He could access a trading platform on which he could see how the trades that were being made were performing.

Mr C says he became suspicious of the investment when he was asked for money to keep his account active after his trades were doing poorly. The conversation that I've seen between him and the fraudster suggests that during July and August 2023 he was asked to make a further payment but questioned why he couldn't use his accrued profits to do this. Following these conversations, he found negative reviews of the company online. In August 2023, he reported the matter as a scam to Revolut and the bank from which Payments 3 and 4 were funded ("H Bank"). Revolut declined his claim, saying that it couldn't dispute the payments through the chargeback scheme.

Mr C referred his complaint to our service through a professional representative and one of our investigators upheld it in part. They noted that Payments 3 and 4 were sent together from Mr C's account at B Cryptocurrency Exchange and therefore a successful intervention on either payment would have prevented the loss from both of them. They thought that by Payment 4, with an appropriate intervention by Revolut, the scam would have come to light and Mr C's loss from Payments 3 and 4 would have been prevented. They considered both the role of H Bank (as part of a separate complaint) and Mr C and decided that Revolut

should pay 33% of Payments 3 and 4 (with H paying Mr C another 33% of a £9,990 payment which credited Mr C's Revolut account and largely funded Payments 3 and 4).

Both Bank H and Mr C accepted our investigator's assessment, but Revolut did not. In summary it argued:

- It has no legal duty to prevent scams and no obligation to reimburse scam victims outside of the FPS and CHAPS Reimbursement Rules, which do not apply to these payments.
- While it has adequate systems in place to counter the risks of financial crime, it is contractually obliged to execute valid payment instructions, with limited exceptions.
- Payments to a customer's own account don't meet the definition of an authorised push payment ("APP") scam. It shouldn't be responsible for its customer's loss where it is only an intermediate link in a chain of transactions.
- The role of other financial businesses (including any interventions or warnings they might have provided) needs to be considered.
- The Financial Ombudsman Service should inform the complainant that it might be appropriate to make a complaint against another respondent.

As no agreement could be reached, the case was passed to me for a final 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 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;
- 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, 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.

Should Revolut have recognised that Mr C was at risk of financial harm from fraud?

By April 2023, Revolut should have attached additional risk to payments made to cryptocurrency providers, as the risk of such payments was well-known to banks and EMIs, such as Revolut, by this point. But Payments 1 and 2 were relatively low in value and spread out. I wouldn't expect Revolut to have questioned these payments.

However, Payment 3 was much larger in value than the previous payments. The size of Payment 3 combined with the knowledge that the payment was going to a cryptocurrency provider ought to have attracted additional scrutiny. And, it should have attached even greater risk to Payment 4 which was of the same value and took place just minutes later.

Like the investigator, I'm satisfied that the evidence shows that an intervention on Payment 4, would have prevented the loss from Payment 3 (as that was yet to leave Mr C's account at B Cryptocurrency Exchange).

Revolut didn't provide any warnings to Mr C. I think that it should have warned him specifically about the risk of cryptocurrency investment scams when he attempted Payment 3. I'd expect this to be a written warning and to have covered off the key features of such a scam, for example being introduced to the investment through social media, the provision of a trading account and broker, the use of remote access software and a small initial deposit which quickly increases in value. Many of these features were present in Mr C's case.

Even if Mr C moved past a warning of this nature, I would have expected Revolut to have done more on Payment 4 – such as asking about the specific circumstances of the payments and providing tailored warnings based on the answers Mr C gave. I've reviewed his correspondence with the fraudsters and I've seen nothing to suggest that he was coached by them, wasn't willing to engage with a warning or showed mistrust of Revolut or other financial institutions. Mr C also referred a complaint about H Bank to our service and our investigator contacted the bank which funded Payments 1 and 2. Neither bank provided warnings – so there's nothing to suggest Mr C would have moved past an intervention had it been provided.

I have noted that when Mr C applied for a loan with a third party provider (that funded Payments 3 and 4) he indicated its purpose was 'home improvements'. I understand this was from a limited list of options (which would be unlikely to include investing) on an online application form rather than during an interaction with a person. Given those facts and the absence of other evidence, I'm not persuaded Mr C's actions in relation to the loan indicate he would have misled Revolut about the purpose of his payments.

I'm also mindful that Mr C wasn't without his doubts about the scheme (particularly after further payments were demanded). I think it's likely that a warning would have built on existing doubts and prompted him to reconsider before making payments of a much more significant size.

Overall, I think Mr C's circumstances were consistent with a well-known scam and I think he would have recognised his circumstances in, and engaged with, a warning either on Payment 3 or Payment 4. And, as I've explained, a successful intervention on either would have prevented the loss from both payments.

Is it fair and reasonable for Revolut to be held responsible for Mr C's loss?

I have taken into account that Mr C remained in control of his money after making the payments from Revolut. It wasn't lost until he took further steps. But Revolut should still have recognised that Mr C was at risk of financial harm from fraud, made further enquiries about Payments 3 and 4 and ultimately prevented Mr C's loss from Payment 3. I think Revolut can fairly be held responsible for Mr C's loss in such circumstances.

As I've explained, I have also considered all of the facts of the case, including the role of other financial institutions involved.

Should Mr C bear any responsibility for his losses?

I've considered this matter carefully and in doing so 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 case.

I can see why Mr C found this scam to be persuasive initially. He was provided with a trading platform and one-to-one support from his account manager who appeared to be knowledgeable and professional. I've also noted what Mr C's representatives have told us about the conditions that Mr C suffers from. I've taken into account that these may have had an impact on his decision making.

But there were peculiarities about the investment. Mr C understood that he was investing in fiat currency and traditional commodities yet seems to have accepted that he needed to transfer his money into cryptocurrency and send it to the fraudster's cryptocurrency wallet. I think he ought reasonably to have been concerned about this. He also questioned D Investment Platform's sudden change of web address saying that he had his 'sceptic IT head on' but he then appears to have continued using the new website without receiving a response to that question.

By the time he made Payment 3, I think Mr C should have taken further steps to establish the legitimacy of the investment particularly as, at that point, the amount of his investment had increased significantly and he was borrowing money in order to fund it. Had he made some checks at this point, I think he would have established that it was operating as a scam (as he did later). There appears to have been negative information online about D Investment Platform by this point (including an FCA warning) and it was lying about being FCA authorised (a fact that could have been fairly easily established).

Our investigator's view was that H Bank should pay 33% of the £9,990 that was paid to Mr C's Revolut account and funded Payments 3 and 4 (a total of £3,296.70). And that Revolut should pay 33% of Payments 3 and 4 – a total of £3,300. This amounts to an overall deduction from the payments from Mr C's Revolut account of 34.03%. Considering Mr C's role in what happened, for the reasons I've set out above, I think this is a fair deduction in the circumstances and I also don't see any reason to think that Revolut should pay a higher or lower percentage of the amount both firms should have prevented.

I also acknowledge that Mr C received a very small credit from the fraudsters. Given the amount, the fact it was received before he made Payments 3 and 4 and that Mr C isn't being reimbursed in full, I've decided that it's fair and reasonable that this credit isn't deducted, in whole or in part, from the redress I'm awarding.

Finally I can see no prospect for Revolut recovering Mr C's funds, given that they were paid away in cryptocurrency from B Cryptocurrency Exchange.

My final decision

I uphold this complaint about Revolut Ltd and instruct it to pay Mr C:

- 33% of the loss from Payments 3 and 4 – a total of £3,300

- 8% simple interest per year from 25 May 2023 to the date of settlement¹

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 25 July 2025.

Rich Drury
Ombudsman

¹ If Revolut considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr C how much it's taken off. It should also give Mr C a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.