

The complaint

Mr S complains that Revolut Ltd won't reimburse money he lost to a scam.

What happened

Mr S responded to an advert online for a cryptocurrency investment that appeared to be endorsed by a well-known celebrity.

In order to fund his investment Mr S used his Revolut account to purchase cryptocurrency from legitimate providers before sending that cryptocurrency to a fraudster.

Mr S was given the contact details of a broker and access to a fraudulent trading platform – where I understand he could see the value of his investment and the trades that were apparently being carried out. Mr S believed his investment was doing well and between March and June 2023 he made a series of payments totalling close to £100,000 to what he believed was a legitimate investment provider. Unfortunately, Mr S had actually fallen victim to a scam. After being unable to withdraw his money as promised, he realised he'd been scammed and reported the matter to Revolut.

The relevant payments are set out below:

Payment number	Date	Recipient / Origin	Amount
1	30 March 2023	Cryptocurrency provider G	£10
	3 April 2023	Cryptocurrency provider G	£62.77 (credit)
2	11 April 2023	Cryptocurrency provider G	£50
3	12 April 2023	Cryptocurrency provider G	£14,100
4	13 April 2023	Cryptocurrency provider G	£15,000
5	17 April 2023	Cryptocurrency provider G	£100
6	17 April 2023	Cryptocurrency provider G	£14,910
7	27 April 2023	Cryptocurrency provider F	£25
8	27 April 2023	Cryptocurrency provider L	£1,000
9	27 April 2023	Cryptocurrency provider L	£19,000
10	27 April 2023	Cryptocurrency provider F	£1,000
11	27 April 2023	Cryptocurrency provider M	£5,000
12	27 April 2023	Cryptocurrency provider F	£4,210
13	28 April 2023	Cryptocurrency provider M	£3,210
14	2 June 2023	Cryptocurrency provider L	£15,968
		Total loss	£93,520

Revolut said that it wasn't responsible for his loss. Mr S referred a complaint to our service and one of our Investigators upheld the complaint in part. They concluded that Revolut should have done more to prevent the scam, but that Mr S also had a role to play in what happened. They recommended that Revolut refund 50% of Mr S' loss from the third payment in the table above ("Payment 3").

Revolut disagreed, in summary it said:

- 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 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 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 S was at risk of financial harm from fraud?

While I recognise that the payments in dispute all went to cryptocurrency accounts that Mr S controlled (and this would have been likely known to Revolut at the time), I don't think it could have reasonably taken much, if any, reassurance from that fact. By March 2023, when these payments took place, Revolut ought to have recognised that payments to

cryptocurrency carry a heightened risk of financial harm from fraud – the risks associated with cryptocurrency had been well documented by that point.

I also acknowledge that Revolut didn't have a huge amount of information about Mr S or how he normally used his accounts. But, while payments 1 and 2 were modest in value and reasonably wouldn't have caused Revolut any concern, Payment 3 was of a very significant amount of money and was being made to a high-risk merchant. I think Revolut ought to have warned Mr S at this point.

What did Revolut do to warn Mr S?

Revolut didn't warn Mr S when he attempted Payment 3, but it did provide warnings at other times:

- when Mr S attempted a payment prior to Payment 8 it showed him 'educational stories'. Mr S didn't go ahead with that payment.
- when Mr S attempted Payment 9 it directed him to its 'educational stories' again.
- when Mr S attempted Payment 12 it directed him to its 'educational stories' again. Mr S also chatted with an agent about the payment and was asked a number of questions.
- Before the final payment, he chatted to another Revolut agent.

I'll refer back to the contents of those warnings and conversations, where relevant, later in my decision.

What kind of warning should Revolut have provided?

Given the significant size of Payment 3, I think Revolut ought reasonably to have attempted to discuss it with Mr S before it debited his account. It could have done this through its in-app chat (as it did later in the scam, in relation to other payments). Given that Revolut knew (or ought to have known) that the merchant that Mr S was paying was associated with cryptocurrency, I'd expect any conversation to focus on what I consider to be the main risk at the time – cryptocurrency investment scams.

If Revolut had provided a warning of the type described, would that have prevented the losses Mr S suffered from Payment 3?

I've thought carefully about this. It's not a straightforward question to answer – there are reasons to think that Mr S would not have been receptive to Revolut's warnings. He did not respond positively to later warnings, appears to have sought advice from the fraudster about how to answer Revolut's questions and the answers he did give were not entirely accurate.

On the other hand, those interventions mostly consisted of static screens or closed questions that lacked context – Revolut was not inquisitive and didn't seek to understand the circumstances surrounding the payments (and, as far as the evidence suggests, neither did any other financial business involved). In addition, the intervention on Payment 3 would have come at a point when Mr S would have only been losing an opportunity, rather than a significant amount of money. By the point that Revolut did intervene for the first time, Mr S had an awful lot to lose – everything he'd invested up to that point. I can understand why he may have been more reluctant to accept that he was falling victim to a scam.

What is clear to me is that, had Mr S revealed what was really happening, it ought to have been immediately obvious to Revolut that Mr S was falling victim to a scam. Not only did the circumstances he found himself in have many common features of this type of scam – the

fake celebrity endorsement, the role of the broker, access to a trading platform and quick profits, but this scam appears to have also had a fairly simplistic premise – Mr S could buy Bitcoins at below market value and sell them for an ‘instant profit’.

Turning to the specifics of Revolut’s interventions, as mentioned, they generally took the form of either closed questions with little context or static warnings that required little interaction. Mr S’ responses to Revolut’s questions clearly didn’t help them identify the risk - for example, on 27 April 2023 Mr S denied that he’d been encouraged to invest by someone he’d recently met online and on 2 June 2023 he denied that he’d downloaded remote access software.

The ‘educational stories’ provided quite specific warnings – “you may see an advertisement online, offering you a fake - but often convincing investment opportunity to make easy money” and “legitimate investments will never guarantee profit and won’t be arranged over social media”. But those warnings took the form of static screens and there was no attempt to engage with the circumstances surrounding the scam payments. I also need to keep in mind that Mr S’ responses may well have been different earlier on in the scam.

We’ve also contacted the other firms which funded Mr S’ payments from Revolut. I’ve only been provided with a single interaction that took place between him and another bank. During that call Mr S briefly mentioned that the money he was moving to Revolut was for savings, but, as with the other interventions, that call took place later than Payment 3 – on 27 April 2023.

I’ve reviewed the correspondence between Mr S and the fraudster. I can see there is some evidence of coaching – Mr S was told how to respond to Revolut’s questions. But again, this was later, when Mr S had already invested a significant amount of money. These interactions, while providing some insight into Mr S’ behaviour, don’t persuade me that he would necessarily have acted in the same way earlier on in the scam.

The correspondence contains many references to phone calls and that seems to have been where Mr S was persuaded into purchasing a Bitcoin. So, I don’t fully understand the interactions that went on between Mr S and the fraudster. Nevertheless, the conversations, at the point Payment 3 was being made, don’t show that there was a very strong bond between Mr S and the fraudster that warnings by Revolut would have found difficult to overcome.

Ultimately, and while I think this is a finely balanced point, I think that a human intervention at the point of Payment 3 – when Mr S had little to lose – would have resulted in him being more open about the activity he was undertaking. And given Revolut knew that he was investing in cryptocurrency it should have enquired about what Mr S was doing and given him a clearer warning about cryptocurrency investment scams – describing what they look and feel like. Revolut didn’t do that so I don’t know for sure what would have happened had it done so. However, on balance, for the reasons I’ve explained, I think it’s more likely than not that such a warning would have stopped Mr S from going ahead with the payments and prevented the loss from that point.

Is it fair and reasonable for Revolut to be held responsible for Mr S’ loss?

I have taken into account that Mr S 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 S was at risk of financial harm from fraud, made further enquiries about Payment 3 and ultimately prevented Mr S’ loss from that point. I think Revolut can fairly be held responsible for Mr S’ loss in such circumstances.

While I have considered all of the facts of the case, including the role of other financial institutions involved, Mr S has chosen not to complain about any other firm and I cannot compel him to do so. I do not think it would be fair to reduce Mr S' compensation because he's only complained about one firm, as I consider that Revolut should have prevented the loss.

Should Mr S bear any responsibility for his losses?

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

I think there were some very compelling aspects to this scam – the fake celebrity endorsement, the provision of a trading platform and the assistance of an apparently knowledgeable and friendly broker. I can also see that early in the scam Mr S was able to withdraw money from the platform successfully and I think this gave him some confidence in its veracity. While it doesn't appear that Mr S did a huge amount of research into the fraudulent investment platform, had he done so he wouldn't have found much information (positive or negative) about it.

However, there are aspects of the scam that concern me and I think Mr S should have been more cautious before making Payment 3. As I've already mentioned, the prospect of a guaranteed and instant profit ought to have seemed implausible. This wasn't a case of the fraudster making promises that their skilful trading *could* result in big profits – this was the claim that they were prepared to sell what is effectively currency at well below its market value and begs the question why the fraudster wouldn't simply have sold the cryptocurrency themselves.

Later in the scam, I think there were even more reasons for Mr S to be concerned. He appears to have made the 1 June 2023 payment at a point in time when he was expecting to be able to withdraw money. It's not clear what this payment was for, but it appears to have been some sort of fee to release his funds. Mr S was rightly concerned by this. I can also see that from screenshots of his trading account balance, he believed that he'd amassed almost £300,000 from his investment at this point. I think he should have recognised this was an unrealistic return.

Overall, considering the fault on both sides, I think that a fair deduction to the amount reimbursed is 50%. So Revolut should reimburse 50% of the payments from and including Payment 3 in the table above. I calculate that amount to be £46,761.50. Given Mr S funds were converted into cryptocurrency and sent to the fraudster, I'm satisfied that no action by Revolut could have led to their recovery.

My final decision

I uphold, in part, this complaint about Revolut Ltd and instruct it to pay Mr S:

- 50% of the amount lost after and including Payment 3.
- 8% simple interest per year on that amount from the date of each payment to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 18 November 2025.

Rich Drury
Ombudsman

