

The complaint

Mr A is complaining about Revolut Ltd because it declined to refund money he lost as a result of fraud.

What happened

Sadly, Mr A fell victim to a cruel cryptocurrency recovery scam. This followed closely after he lost money to an investment scam when he was contacted by someone who claimed to be able to help him recover this. As part of the new scam, Mr A opened an account with Revolut in February 2024 and made the following payments:

No	Type	Date	Amount £
1	Card	22 Feb	665
2	Card	26 Feb	495
3	Card	26 Feb	753
4	Exchange to crypto	26 Feb	800
5	Exchange to crypto	26 Feb	4.50
6	Card	27 Feb	1,000
7	Card	27 Feb	240
8	Card	28 Feb	700
9	Exchange to crypto	29 Feb	20
10	Card	29 Feb	580
11	Exchange to crypto	29 Feb	636.61
12	Card	4 Mar	1,000
13	Card	5 Mar	847
14	Card	5 Mar	800

The card payments went to two different cryptocurrency exchanges. I understand the money that was exchanged to cryptocurrency with Revolut was then transferred to a wallet controlled by the scammer. I also understand Mr A received £1,351 back from the scam.

Our investigator didn't recommend the complaint be upheld. She felt Revolut could have done more to intervene in the succession of payments but didn't think this would have made a difference to the outcome based on the answers Mr A gave when he was asked about the purpose of some of them.

Mr A didn't accept the investigator's assessment and asked for his case to be reviewed, pointing out that he was acting under the instructions of the scammer at all times. He's also questioned the adequacy of Revolut's fraud prevention measures, providing various articles about people who've been scammed on its platform. He also provided evidence showing Revolut asked him to verify the source of funds into his account after it had been open for

some time. Believing this should have been done at the outset, he cites it as an example of negligence on the business' part.

The complaint has now been referred to me for review.

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 overall conclusions as the investigator, and for broadly the same reasons. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

I think it's also relevant to explain that the Financial Ombudsman Service is not the industry regulator and we don't write the rules for financial businesses or have powers to fine or punish businesses where these aren't followed. This is the role of the Financial Conduct Authority (FCA). Our role is instead to consider individual disputes and reach what we believe is a fair and reasonable conclusion in the specific circumstances of each case.

In broad terms, the starting position at law is that an Electronic Money Institution (EMI) such as Revolut is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, '*authorised*' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

In this case, there's no dispute that Mr A authorised the above payments.

There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Revolut also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Revolut acted fairly and reasonably in its dealings with Mr A.

Payments 3 and 14

One of the key features of a Revolut account is that it facilitates payments that often involve large amounts and sometimes to overseas accounts. I'm also conscious this was a new account and there was no history of past activity against which these payments might have looked suspicious.

Nonetheless, Revolut has provided evidence showing it initially declined payments 3 and 14, asking Mr A some questions about them before they could be resubmitted. On both occasions Mr A was asked

- *Is anyone prompting or guiding you?*
- *What was this payment for?*

On both occasions Mr A answered that he wasn't being prompted or guided to make the payments. For payment 3, he answered that he was making the payment "*as part of an investment*" and for payment 14 he said he was making a "*transfer to another account*". While the list of options he had to select from didn't include paying money to recover lost cryptocurrency, he could have selected that the payment was for "*something else*".

Based on the information he'd provided, Revolut says it showed Mr A a series of tailored warnings relating to investment scams (for payment 3) and common types of scams involving transferring money to another account (for payment 14). Once he'd been through the screens containing these warnings, Mr A confirmed he wanted to proceed with the payments.

I've thought carefully about the sort of warnings Revolut should have provided in connection with these payments. In view of what it knew about them, I'm satisfied an intervention involving asking about their purpose and providing appropriate tailored warnings based on the answers given was proportionate to the risks they presented. In saying this, I'm conscious the amounts involved were relatively low. I don't think a human intervention, whereby a Revolut agent would have contacted Mr A via its in-app chat to discuss the circumstances of the payments, was warranted in this particular situation.

It's unfortunate that Mr A didn't confirm that he was being guided and gave reasons for the payments that weren't entirely accurate. If he'd answered those questions differently, it might have prompted Revolut to ask further questions or carry out a more robust intervention. But it could only act on the information it was given and, as I've explained, I think its response was proportionate and appropriate on that basis.

I've taken into account that many payments that look very similar to this one will be entirely genuine. I've also given due consideration to Revolut's primary duty to make payments promptly, as well as what I consider to have been good industry practice at the time these payments were made. Based on the circumstances of the transactions (as I've explained above), I'm persuaded the action Revolut took at the time was proportionate to the risk associated with the payments. I wouldn't have expected it to have intervened further in these circumstances and I can't say it was at fault for processing the payments in accordance with Mr A's instructions.

Payment 6

As the investigator set out, I think there's a strong case for saying that Revolut should also have found out more about payment 6 before debiting Mr A's account in view of the amount of payments to cryptocurrency on the previous day. But I think a proportionate response to the risks posed by that payment would have been the same as the two interventions I've described above. If he had been asked about the reason for this payment, I've no reason to believe Mr A would have answered any differently or that Revolut should have been prompted to provide warnings that more directly related to the scam that was taking place or contact him to discuss the payments further.

So I don't think a proportionate and appropriate intervention prior to payment 6 would have made a difference to the eventual outcome.

The remaining payments

Having considered what Revolut knew about the remaining payments, including the amount involved, at the time it received the payment instructions, I'm not persuaded it ought to have been particularly concerned about them or suspected that Mr A may be at risk of harm from fraud. So I can't say it was at fault for processing the payments in line with his instructions.

Other issues

I've noted Mr A's evidence relating to other people who've been scammed on Revolut's platform. But as I've already explained, we aren't the regulator and it's not for me to comment on the adequacy of Revolut's fraud protection measures overall. My role is instead to consider Mr A's case on its own merits and, for the reasons I've explained, I don't think his loss was the result of any failure on Revolut's part.

I've also noted Mr A's comments about being asked for the source of funds, but this type of check is carried out from time to time and there's nothing in the correspondence he's shared with us to confirm this should have been completed at the outset and before any transactions on the account were processed. And even if this is an example of negligence as Mr A seems to believe, it doesn't automatically follow that Revolut must also have been negligent in making the payments at the heart of this complaint.

Recovery of funds

I've also looked at whether Revolut could or should have done more to try and recover Mr A's losses once it was aware that the payments were the result of fraud.

As some of the payments outlined above were card payments, I've considered whether Revolut should have tried to recover the money through the chargeback scheme. This is a voluntary agreement between card providers and card issuers who set the scheme rules and is not enforced by law.

A chargeback isn't guaranteed to result in a refund, there needs to be a right to a chargeback under the scheme rules and under those rules the recipient of the payment can defend a chargeback if it doesn't agree with the request. Unfortunately, the chargeback rules don't cover scams.

We'd only expect Revolut to have raised a chargeback claim if it was likely to be successful and it doesn't appear that would have been the case here. Mr A paid legitimate cryptocurrency exchanges and would have received a service that involved changing his money into cryptocurrency before sending it to the wallet address he supplied it with (albeit the wallet address was provided by the scammer). Mr A's disagreement is with the scammer, not the cryptocurrency exchanges and it wouldn't have been possible for Revolut to process a chargeback claim against the scammer as he didn't pay them directly.

Also, I understand Mr A first notified Revolut of the fraud on 29 April 2024, several weeks after the last payment on 5 March. It's a common feature of this type of scam that the fraudster will move money very quickly to other accounts once received to frustrate any attempted recovery.

Taking everything into account, I don't think anything that Revolut could have done differently would likely to have led to these payments being recovered successfully.

In conclusion

I want to be clear that it's not my intention to suggest Mr A is to blame for what happened in any way. He fell victim to a sophisticated scam that was carefully designed to deceive and manipulate its victims. I can understand why he acted in the way he did. But my role is to consider the actions of Revolut and, having done so, I'm not persuaded these were the cause of his losses.

I recognise Mr A has been the victim of a cruel scam and I'm sorry he lost this money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I don't think any further intervention by Revolut would have made a difference to the eventual outcome and I won't be telling it to make any refund.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 31 March 2025.

James Biles
Ombudsman