

The complaint

Mr E complains Revolut Ltd won't reimburse over £46,000 that he lost when he fell victim to a cryptocurrency investment scam.

What happened

The background to this complaint is well-known to both parties, so I won't repeat it in detail here. But in summary and based on the submissions of both parties, I understand it to be as follows.

In early 2023 Mr E came across an advertisement on social media promoting an investment opportunity which I'll refer to as C. It was seemingly celebrity endorsed. After registering his interest, Mr E was contacted and persuaded to invest an initial sum. He was later advised his investment was successful and had grown significantly. But in order to access his profits he needed to make some further payments to have them released. And to facilitate that Mr E was required to open an account with Revolut as well as with a cryptocurrency provider. Mr E made a total of 14 debit card payments to a cryptocurrency provider over the space of around a month. However, it all unfortunately turned out to be a scam.

Mr E raised a complaint with Revolut through his professional representatives, which was rejected.

Our investigator looked into the complaint and upheld it in favour of Mr E. She found that Revolut ought to have intervened by the second disputed transaction of £3,500 and was persuaded Mr E's losses from that point could have been prevented. That said, she also found it fair that liability ought to be shared equally between both parties. She recommended Revolut refund 50% of Mr E's losses from the second disputed transaction plus interest.

Mr E accepted but Revolut didn't, explaining the following:

Revolut's submissions

- *It has no dispute rights under chargeback*
- *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. As the payments were authorised by Mr E it doesn't believe they missed a chance to prevent any of the events related to Mr E's complaint.*
- *The account was newly created so there was no historical transaction behaviour profile that Revolut could have considered to determine normal activity.*
- *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.*
- *Mr E failed to meet his due diligence obligations when it came to making a multitude of payments to cryptocurrency.*

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;
- 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, 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 consumer was at risk of financial harm from fraud?

The very first disputed transaction as a result of the scam was for £15. I'm not satisfied there is anything about that payment, even if going to cryptocurrency, that ought to have looked suspicious to Revolut. However, the second payment made was for substantially more, at £3,500 and knowingly going to a cryptocurrency provider. Given these factors alongside the fact Mr E's account with Revolut was newly opened with very limited activity, I'm satisfied this ought to have prompted warnings from Revolut. But seemingly Revolut didn't provide any.

What kind of warning should Revolut have provided?

I've thought carefully about what a proportionate warning in light of the risk presented would be in these circumstances. In doing so, I've taken into account that many payments that look similar to this one will be entirely genuine. However, Revolut would have known the payment was going to a cryptocurrency provider and ought to have provided a tailored written warning relevant to cryptocurrency investment scams. I say this because of the prevalence of scams relating to cryptocurrency. The warning should have tackled some of the key features of this type of scam.

Thereafter, there was a sequence of disputed transactions – 13 debit card payments to a cryptocurrency provider, which took place over the space of three days. Given the fact that a warning should have been provided two days earlier, I think a proportionate response would have been for Revolut to have attempted to establish the circumstances surrounding the payments before allowing them to debit Mr E's account. I think it should have done this by engaging with Mr E through its in-app chat to discuss the payments further.

If Revolut had provided a warning of the type described, would that have prevented the losses consumer suffered from these payments onwards?

I've thought carefully about whether a specific warning covering off the key features of cryptocurrency investment scams would have likely prevented any further loss in this case. And on the balance of probabilities, I think it would have. There were a number of factors and key hallmarks to the scam perpetrated by C that were common of cryptocurrency investment scams. This included finding the investment online or through social media that was seemingly endorsed by a public figure, being assisted by a third party and being asked to download remote access software so they could help Mr E with the withdrawal process.

Mr E has provided evidence of the chat interactions with the scammer and although some of the interactions took place over the telephone, I can't see he was being coached to respond to his banks in a particular way. But I do see that Mr E questioned the scammer throughout. He was also encouraged by the scammer to take out loans to facilitate further payments - however these weren't instructions he blindly followed. It's clear these were attempts by the scammer to obtain further funds from Mr E.

I've not seen evidence to persuade me that Mr E wouldn't have heeded a warning presented by Revolut. I am persuaded however that an impactful warning that gave details about cryptocurrency investment scams and how Mr E could protect himself from the risk of fraud, would have resonated with him. He could have paused and looked more closely into the company C before proceeding. I'm persuaded that a timely warning to Mr E from Revolut would very likely have prevented his losses.

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

I have taken into account that consumer remained in control of their money after making the payments from Revolut. It wasn't lost until they took further steps. But Revolut should still have recognised that Mr E was at risk of financial harm from fraud, made further enquiries about the second disputed transaction of £3,500 and ultimately prevented his loss from that point. I think Revolut can fairly be held responsible for Mr E'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 E has chosen not to complain about/pursue a complaint further about any other firm and I cannot compel them to do so. And I don't think it would be fair to reduce Mr E's compensation because he's only complained about one firm, as I consider that Revolut should have prevented the loss.

Should consumer bear any responsibility for their 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.

Our investigator considered that liability ought to be shared equally for Mr E's losses and I'm in agreement with this.

I don't seek to address this point in the same detail as our investigator as Mr E also accepts liability should be shared equally. That said, although Mr E's professional representatives have explained as part of his due diligence prior to getting involved with C, he looked at online reviews on social media and believes that he looked at other online trusted review sites. But there was a published warning about C, prior to the first payment made, on the Financial Conduct Authority's website noting the company was unauthorised and may be providing financial services or products without permission. It also warned '*you should avoid dealing with this firm and beware of potential scams*'. This could have been uncovered from relatively limited researching of C.

So I think Mr E has contributed to his own losses. I've therefore concluded, on balance, that Revolut can fairly reduce the amount it pays to Mr E because of his role in what happened. Weighing the fault that I've found on both sides, I think a fair deduction is 50%.

Putting things right

To resolve this complaint Revolut Ltd should:

- refund Mr E's loss to the scam – from the second disputed transaction of £3,500 made on 15 April 2023 and including all subsequent payments made to the scam
- less 50% contributory negligence
- plus 8% per annum simple interest from the date of the payments to the date of settlement.

If Revolut Ltd is legally required to deduct tax from the interest awards, it should tell Mr E how much it has taken off. It should also give Mr E a tax deduction certificate if he asks for one, so he can claim it back from HMRC if appropriate.

My final decision

For the reasons given, my final decision is that I uphold this complaint. I require Revolut Ltd to put things right for Mr E as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 13 August 2025.

Mark O'Connor
Ombudsman