

## The complaint

Mr R complains that Revolut Ltd won't refund money he lost when he was the victim of a crypto investment scam.

Mr R is represented by a firm I'll refer to as 'C'.

## What happened

The background to this complaint is well known to both parties, so I'll only refer to some key events here.

In 2022 Mr R saw a crypto investment advertisement on a social media platform. Interested in the opportunity, he followed the sign-up link and was directed to the enquiry form on the scam firm's website (I'll refer to the firm as 'F'). Mr R has said F's website appeared legitimate and so he provided his contacted details. He was then contacted by F and, under the belief they were a genuine firm, he decided to invest.

As part of the scam, Mr R was directed by F to open a Revolut account and wallets with legitimate crypto providers (that I'll refer to as 'B' and 'CR'). He then purchased crypto before forwarding it to F's platform. Mr R explained that he was guided through the investment process by use of remote desktop software.

Mr R transferred £4,999 to B, via a payment processor, on 30 September 2022. This transaction was returned on 2 October 2022. He also attempted a £4,990 payment on 3 October 2022, but this was declined due to Revolut undertaking checks to verify the source of the payment. Following this, Mr R went on to make the following debit card payments as part of the scam:

Transaction date	Payee	Amount
6 October 2022	CR	£4,990
25 October 2022	CR	£9,990.03
21 December 2022	CR	£18,023.25
21 December 2022	B	£3,995
	<b>Total loss:</b>	<b>£36,998.28</b>

Mr R has said the final two payments were made when, after requesting a withdrawal from F's platform, he was told the withdrawal transaction had flagged as suspicious by the Blockchain Support team due to suspected money laundering. And so, he had to pay a fee to release the funds. But despite doing so, Mr R was told a further payment was required to receive his funds. At this point, he grew suspicious, stopped communicating with the scammer and realised he'd scammed.

C complained to Revolut, on Mr R's behalf, in September 2023. They said Revolut didn't do enough to protect Mr R from the scam – as they ought to have identified the payments as unusual, carried out further checks before processing them and provided relevant scam warnings. If this happened, the scam would've been uncovered and Mr R's loss avoided. To settle the complaint, they said Mr R would accept a full reimbursement of his loss, along with 8% interest and £300 compensation.

Revolut didn't uphold the complaint. They explained that they'd raised chargebacks on the debit card transactions to recover the funds lost - while their investigation was ongoing, they said an outcome would be provided by email and in-app notification. Revolut added that they'd implemented improved security measures. And they provide preventative resources to their customers – such as blog articles.

The complaint was referred to the Financial Ombudsman. Revolut confirmed the chargebacks were rejected.

Our Investigator thought Mr R's complaint should be upheld in part. In short, he said:

When Mr R processed the £4,999 transaction to B on 30 September 2022, he selected the purpose of the payment as 'safe account' – with a warning relating to this type of scam provided to him. Revolut then triggered an internal investigation relating to the subsequent attempted payment to CR on 3 October 2022, as it prompted them to verify his source of payment. This led to Mr R requesting support from Revolut's in-app chat and asking for the payment to be released.

- Revolut missed an opportunity at this time to satisfy themselves as to why Mr R had selected 'safe account' as the purpose of the payment to B.
- Revolut should've spoken with Mr R at this time to ensure this had only been selected in error and asked questions to establish the true purpose of the payment.
- If Revolut had done this, it would've led to the scam being uncovered and Mr R's loss prevented.
- Mr R should also take some responsibility for his loss from the point of the £18,023.25 payment. This is because, while it was reasonable for him to believe F was genuine prior to this, having to pay fees of about £20,000 to withdraw his funds should have set 'alarm bells ringing'. So, Mr R should've sought some independent advice at that point.
- Revolut should refund the disputed payments, with 50% deducted for those made on 21 December 2022. They should also pay 8% simple interest for loss of use of money.

C confirmed Mr R's acceptance.

Revolut didn't agree with our Investigator. In short, they added:

- This was a 'self-to-self' scenario in which Mr R owned and controlled the beneficiary account to which the payments were sent. Hence, the fraudulent activity didn't occur on Mr R's Revolut account – as the payments were made to legitimate crypto providers before being sent to the scam platform.
- Payments to a customer's own account don't meet the definition of an Authorised Push Payment (APP) scam. They shouldn't be responsible for their customer's loss

where they're only an intermediate link in a chain of transactions.

- The payments being made were not out of character nor unexpected with the typical way in which an Electronic Money Institute (EMI) account is used.
- 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.
- The recent reliance by this service on R (on the application of Portal Financial Services LLP) v FOS [2022] EWHC 710 (Admin) is misconceived and amounts to a legal error.

### **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 EMI such as Revolut is expected to process payments and withdrawals that a customer authorises them 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 their 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 R was at risk of financial harm from fraud?**

It isn't in dispute that Mr R has fallen victim to a cruel scam here, nor that he authorised the payments from his Revolut account (to purchase crypto that was subsequently transferred to the scammer). But whilst I have set out the circumstances which led Mr R to make the payments using his Revolut account and the process by which that money ultimately fell into the hands of the scammer, I am mindful that, at that time, Revolut had much less information available to them upon which to discern whether any of the payments presented an

increased risk that Mr R might be the victim of a scam.

So, I've gone on to consider, taking into account what Revolut knew about the payments, at what point, if any, they ought to have identified that Mr R might be at a heightened risk of fraud that merited its intervention.

When Mr R processed the £4,999 transaction on 30 September 2022, Mr R was asked to select the purpose of his payment from the list of options they provided – and he selected “*Transfer to a ‘Safe Account’*”. Being asked to transfer money to a ‘safe account’ is a common and well-known type of scam, and there are very few legitimate reasons for selecting that payment purpose. So, I think Mr R selecting this purpose should have put Revolut on notice that there was a very high likelihood that the payment being made was part of a fraud or scam.

I've also considered that Mr R's transactions were made to well-known crypto providers. Although I note that the £4,999 transaction was being sent via a payment processor and not directly to B - albeit this payment processor was heavily associated with B at that time.

With this in mind, I've considered the risks associated with crypto. And by the time of these payments, firms like Revolut had been aware of the risk of multi-stage scams involving crypto for some time. Scams involving crypto have increased over time. The Financial Conduct Authority and Action Fraud published warnings about crypto scams in mid-2018 and figures published by the latter show that losses suffered to crypto scams have continued to increase since. They reached record levels in 2022. During that time, crypto was typically allowed to be purchased through many high street banks with few restrictions.

By the end of 2022, however, many of the high street banks had taken steps to either limit their customer's ability to purchase crypto using their bank accounts or increase friction in relation to crypto related payments, owing to the elevated risk associated with such transactions. And so, when these payments took place, further restrictions were in place. This left a smaller number of payment service providers, including Revolut, that allowed customers to use their accounts to purchase crypto with few restrictions. These restrictions – and the reasons for them – would have been well known across the industry.

I recognise that, as a result of the actions of other Payment Service Providers, many customers who wish to purchase crypto for legitimate purposes will be more likely to use the services of an EMI, such as Revolut. And I'm also mindful that a significant majority of crypto purchases made using a Revolut account will be legitimate and not related to any kind of fraud (as Revolut has told the Financial Ombudsman). However, we've also seen numerous examples of consumers being directed by fraudsters to use Revolut accounts in order to facilitate the movement of the victim's money from their high street bank account to a crypto provider, a fact that Revolut is aware of (and which is what happened here).

So, taking into account all of the above I am satisfied that prior to the payments Mr R made, Revolut ought fairly and reasonably to have recognised that their customers could be at an increased risk of fraud when using their services to purchase crypto, notwithstanding that the payment would often be made to a crypto wallet in the consumer's own name.

To be clear, I'm not suggesting that, as a general principle, Revolut should have more concern about payments being made to a customer's own account than those which are being made to third party payees. As I've set out in some detail above, it is the specific risk associated with crypto that, in some circumstances, should have caused Revolut to consider transactions to crypto providers as carrying an increased risk of fraud and the associated harm.

In those circumstances, as a matter of what I consider to have been fair and reasonable, good practice and to comply with regulatory requirements, Revolut should have had appropriate systems for making checks and delivering warnings before they processed such payments. And Revolut was also required by the terms of their contract to refuse or delay payments where regulatory requirements meant they needed to carry out further checks.

Taking all of the above into account, and in light of the increase in multi-stage fraud, particularly involving crypto, I don't think the fact payments in this case were going to an account held in Mr R's own name should have led Revolut to believe there wasn't a risk of fraud.

Here, as I've said, Revolut was on notice that there was a very high likelihood that the first payment (£4,999) was being made was part of a fraud or scam. And I consider the subsequent successful payments of £9,990.03 and £18,023.25 ought to have given them reason to suspect this too – as they were high value transactions on a newly opened account to a well-known crypto provider. Furthermore, these transactions were at odds with the account opening purpose Mr R provided ('transfers'). So, this contradictory account usage should've been of concern to Revolut.

I understand Revolut needs to take an appropriate line between protecting against fraud and not unduly hindering legitimate transactions. But given what Revolut knew about the destination of the payments, I think the circumstances should have led Revolut to consider that Mr R was also at a heightened risk of financial harm from fraud when making these payments too.

#### What did Revolut do to warn Mr R?

After Mr R selected 'safe account' as the payment purpose, Revolut have shown they provided him the following screens:

- **Safe account scam**

*Fraudsters could contact you pretending to be from Revolut or another financial institution. They may tell you to move your money to a 'safe account' due to a problem with your account, such as fraudulent activity*

- **Are you being scammed?**

*Financial Institutions won't ask you to move money to a safe account, download software to allow them to access or view your device, ignore warnings, or share sensitive info*

Mr R chose to proceed with the payment, and it was processed (albeit the funds were later returned). But as I think Revolut should have been on notice that there was a high likelihood this payment was being made as part of a fraud or scam, I don't think they should have let the payment go through unless they had satisfied themselves that the 'safe account' payment purpose had been selected by Mr R in error.

While these educational screens explain what a safe account scam could look like and that financial institutions won't ask customers to move money in this way, I don't think they were proportionate to the risk the payment presented or went far enough to explain that, unless Mr R had selected the payment purpose in error, this was a scam and he should not proceed with the payment. Essentially, I think Revolut needed to do more.

Revolut didn't provide any further warnings after this.

What kind of warning should Revolut have provided?

As Revolut was on notice that there was a high likelihood that the first payment (£4,999) was part of a fraud or scam, I think a proportionate response to that risk would've been for Revolut to have attempted to establish the circumstances surrounding of the payment before allowing it to debit Mr R's account. I think they should have done this by, for example, directing Mr R to their in-app chat to discuss the payments further.

And, unless Mr R's responses made it clear he had selected the payment purpose in error and that it was for otherwise legitimate purposes, I think Revolut should then have clearly warned him that he was a victim of a scam and advised him against making the payments.

If Revolut had taken the action described, would that have prevented the losses Mr R suffered?

Having given this careful thought, I think Revolut would've most likely prevented Mr R's loss. This is because, although Mr R has explained F was guiding him, including how to process the transactions, I haven't seen anything to show he was specifically being told (or that he agreed) to deliberately mislead Revolut about the payments if questioned. So, while I accept Mr R didn't select the most accurate option when asked by Revolut for the purpose of the £4,999 payment, I'm not satisfied he did so with an intent to deceive Revolut. Instead, I consider it most likely that he was following the instructions provided by F in good faith. I've also considered that in the one interaction Mr R did have with another banking provider, where some of funds originated from, he was open and honest with them – although, unfortunately, he wasn't sufficiently probed as to why he was moving funds to another account in his own name. Nevertheless, I think a conversation with Revolut – via their in-app chat function – would've likely led to the scam being uncovered.

Given Mr R was of the belief F was a genuine firm, I see no reason as to why he would've felt it necessary to hide the surrounding circumstances of the payments he was making. Particularly as it would've been reasonable for Revolut to have explained that, if he had been told to mislead or withhold information from them, then he was likely being scammed. Considering this, I believe Mr R would've told Revolut that he was making the payment as part of a crypto investment opportunity with F, whom he found from a social media advert. And that F were assisting him with the use of remote desktop software, which included guiding him on how to purchase crypto with B and CR to forward it to their own platform.

These common features of crypto scams ought to have been identified by Revolut, thereby prompting them to give Mr R a very clear scam warning and advised him against making payments to F. I've no reason to think Mr R wouldn't have been receptive to such advice and so, on balance, I think it would've caused Mr R to have not gone ahead with the payment (or those that followed).

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

I have taken into account that Mr R 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 R was at risk of financial harm from fraud, made further enquiries about the £4,999 payment and ultimately prevented Mr R's loss from that point. I think Revolut can fairly be held responsible for Mr R's loss in such circumstances.

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

Revolut has addressed an Administrative Court judgment, which was referred to in a decision on a separate complaint. As I have not referred to or relied on that judgment in reaching my conclusion in relation to the losses for which I consider it fair and reasonable to hold Revolut responsible, I do not intend to comment on it. I note that Revolut says that they have not asked me to analyse how damages would be apportioned in a hypothetical civil action but, rather, it is asking me to consider all of the facts of the case before me when considering what is fair and reasonable, including the role of all the other financial institutions involved.

For the reasons I've explained, I consider Revolut ought to have carried out additional checks at the time of the £4,999 payment. And if they had, they would've become aware Mr R was likely falling victim to an investment scam and given him an appropriate warning. If they'd done so, I consider Mr R's loss would've been prevented.

#### Should Mr R bear any responsibility for his loss?

I've thought about whether Mr R should bear any responsibility for his loss. In doing so, I've considered what the law says about contributory negligence, as well as what I consider to be fair and reasonable in all the circumstances of this complaint including taking into account Mr R's own actions and responsibility for the loss he has suffered.

When considering whether a consumer has contributed to their own loss, I must consider whether the consumer's actions showed a lack of care that goes beyond what we would expect from a reasonable person. I must also be satisfied that the lack of care directly contributed to the individual's losses.

Here, I consider that there were sophisticated aspects to this scam – such as F's website and trading platform that appeared genuine to Mr R, along with the professionalism of the account manager he dealt with. So, given Mr R's inexperience with crypto, it's understandable why he considered F to be a legitimate firm.

Arguably, considering Mr R invested a significant amount of money with F (about £15,000), it would've been reasonable for him to carry out some checks before proceeding – such as an online search. But from my own historical internet search, it seems there was little (if anything) available online to indicate F might be a scam at the time Mr R made the first payment. So, I don't think Mr R acted unreasonably by deciding to invest with F.

I do however consider that Mr R should've had reason to question the requirement to pay about £20,000 in fees – which was more than the amount he'd invested – to withdraw his funds. This is a significant amount of money, and it seems that Mr F was only informed of this at the point of making his withdrawal request (and not at the outset). I therefore think it would've been reasonable for Mr R to have considered the legitimacy of such a request and taken greater caution before proceeding to make the payments. This could've included, for example, seeking advice from an independent financial adviser or his banking providers (including Revolut), or carrying out research online into paying crypto withdrawal fees. If Mr R had done so, then I consider he would've most likely uncovered he was being scammed – thereby preventing his losses.

I've concluded, on balance, that it would be fair to reduce the amount Revolut pays Mr R because of his role in what happened from the point of the £18,023.25 payment onwards. Weighing the fault that I've found on both sides, I think a fair deduction for these two payments is 50%.

#### Could Revolut have done anything to recover Mr R's money?

The successful payments, made by debit card, purchased crypto at legitimate crypto providers before forwarding it on to F. Because of this, there wasn't any funds for Revolut to recover, nor was there any prospect of recovery for the card payments via chargeback (as the service had been provided).

### Putting things right

I think it is fair that Revolut refund the first two successful payments in full (£14,980.03) and 50% of last two payments (£11,009.13) – thereby bringing a total of £25,989.16. Revolut should also add 8% simple interest to the payments to compensate Mr R for his loss of the use of money.

### **My final decision**

My final decision is that I uphold this complaint in part. I direct Revolut Ltd to pay Mr R:

- £25,989.16
- 8% simple interest, per year, from the date of each payment to the date of settlement less any tax lawfully deductible.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 7 August 2025.

Daniel O'Dell  
**Ombudsman**