

## **The complaint**

Mr J complains that Revolut Ltd hasn't protected him from losing money to a scam.

## **What happened**

The background to this complaint is well known to both parties, so I won't repeat everything here. In brief summary, Mr J has explained that in June and July 2023 he made two payments totalling £11,000 from his Revolut account for what he thought was a legitimate investment. He made the payments from his Revolut account first to an account he held with a crypto exchange, before moving the funds on from there to the scammers. Mr J subsequently realised he'd been scammed and got in touch with Revolut. Ultimately, Revolut didn't reimburse Mr J's lost funds, and Mr J referred his complaint about Revolut to us. As our Investigator couldn't resolve the matter informally, the case has been passed to me for a 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.

Having done so, I've reached materially the same conclusions as our Investigator – I've decided to uphold this complaint in part. I'll explain why.

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 J was at risk of financial harm from fraud?

Mr J's Revolut account was opened on 5 June 2023. So by the time of the two payments Mr J made as a result of the scam on 9 June 2023 and 5 July 2023, there wasn't a material account usage history to which Revolut could refer, to ascertain whether these payments were unusual for Mr J. However, that didn't absolve Revolut of its responsibilities to act in Mr J's best interests, and to intervene appropriately and proportionately where there were material flags that Mr J might be at risk of financial harm.

I don't think Revolut reasonably ought to have been concerned about the first payment which was for £1,000.

However, the second payment, which was for £10,000 was significant. I think it was significant enough that Revolut ought to have seen it was destined for a known cryptocurrency provider.

By July 2023, when this transaction took place, firms like Revolut had been aware of the risk of multi-stage scams involving cryptocurrency for some time. Scams involving cryptocurrency have increased over time. The FCA and Action Fraud published warnings about cryptocurrency scams in mid-2018 and figures published by the latter show that losses suffered to cryptocurrency scams have continued to increase since. They reached record levels in 2022. During that time, cryptocurrency 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 cryptocurrency using their bank accounts or increase friction in relation to cryptocurrency related payments, owing to the elevated risk associated with such transactions<sup>1</sup>. And by July 2023, when this payment took place, further restrictions were in place<sup>2</sup>. This left a smaller number of payment service providers, including Revolut, that allowed customers to use their accounts to purchase cryptocurrency 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 cryptocurrency 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 cryptocurrency purchases made using a Revolut account will be legitimate and not related to any kind of fraud (as Revolut has told our service). However, our service has 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 cryptocurrency provider, a fact that Revolut is aware of.

So, taking into account all of the above, I am satisfied that by the end of 2022, prior to the payment Mr J made in July 2023 for £10,000, Revolut ought fairly and reasonably to have recognised that its customers could be at an increased risk of fraud when using its services to purchase cryptocurrency, notwithstanding that the payment would often be made to a cryptocurrency wallet in the consumer's own name.

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<sup>1</sup> See for example, Santander's limit of £1,000 per transaction and £3,000 in any 30-day rolling period introduced in November 2022.

NatWest Group, Barclays, Lloyds Banking Group and Santander had all introduced some restrictions on specific cryptocurrency exchanges by August 2021.

<sup>2</sup> In March 2023, both Nationwide and HSBC introduced similar restrictions to those introduced by Santander in November 2022.

To be clear, it is the specific risk associated with cryptocurrency in July 2023 that, in some circumstances, should have caused Revolut to consider transactions to cryptocurrency 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 it processed such payments. And Revolut was also required by the terms of its contract to refuse or delay payments where regulatory requirements meant it 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 cryptocurrency, I don't think that the fact the payments in this case were going to an account held in Mr J's name should have led Revolut to believe there wasn't a risk of fraud.

So I think at the point of this payment for £10,000 on 5 July 2023, Revolut ought fairly and reasonably to have intervened to check Mr J wasn't at risk of financial harm.

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

Revolut has provided information showing that it intervened in Mr J's first payment which was on 9 June 2023 for £1,000. I understand that as this first payment was to a new payee, Revolut showed Mr J a generic message asking whether he was sure he trusted this recipient. I understand Mr J, also, was asked to select the purpose of the payment, that Mr J selected cryptocurrency, and that Mr J would consequently have been shown warning screens which said:

"This could be a crypto scam. STOP. Crypto scams promise high returns in short periods of time, and might even have professional-looking online platforms.

Beware of social media promotions. Fraudsters use social media to promote fake investment opportunities. Read online reviews to make sure it's legitimate.

Don't give anyone Remote Access. Scammers may ask you to install software to view your screen. Uninstall software that gives someone else control.

Do your crypto research. Most crypto exchanges aren't regulated. Search for mentions of scams in online reviews

Don't be rushed. Take your time and speak with family and friends before making large investments. Say no if you're being pressured to invest."

I understand from what Revolut has said that Mr J would then have been shown a further screen telling him he was at risk of losing money, and presented with options such as to read about scams in Revolut's blog, to get advice from a Revolut agent, to cancel the payment, or to make the payment anyway which is what Mr J did.

#### What kind of warning should Revolut have provided?

I think the warnings Revolut provided in respect of Mr J's first payment, which was for £1,000, were proportionate and fair. I appreciate that Revolut may think the fact it showed these warnings to Mr J in respect of this first payment and he decided to continue anyway, meant that the risk associated with his second payment was limited. But I don't agree that the warnings provided in response to the first payment were sufficient for the second payment.

This is because the second payment represented a significantly greater risk in my view, given its size. Such that I think, with Revolut knowing this second payment was going to a cryptocurrency provider, Revolut should at the very least have provided a warning addressing the key risks and features of the most common cryptocurrency scams – cryptocurrency investment scams. The warning Revolut ought fairly and reasonably to have provided for this second payment should have highlighted, in clear and understandable terms, the key features of common cryptocurrency investment scams, for example referring to: an advertisement on social media, promoted by a celebrity or public figure; an ‘account manager’, ‘broker’ or ‘trader’ acting on their behalf; the use of remote access software and a small initial deposit which quickly increases in value. ‘Fees’ becoming payable to initiate withdrawals that then don’t fully materialise or are restricted would also be a common theme.

I recognise that a warning of this kind could not have covered off all scenarios. But I think it would have been a proportionate way for Revolut to minimise the risk of financial harm to Mr J.

I also recognise that the warnings Revolut gave Mr J in respect of his first payment mentioned some of these things – but not all of them. And I agree with our Investigator that the second payment warranted more in-depth and impactful warnings, as I have described.

If Revolut had provided a warning of the type described, would that have prevented the loss Mr J suffered from his second payment?

I note Revolut’s intervention in the first payment. I take on board that Mr J was provided with some warnings, in-app, about cryptocurrency scams, and these didn’t cause Mr J to change his mind about making the first payment which was in June 2023.

However, I do agree with our Investigator, that on the balance of probabilities, I think it would have made a difference if Revolut had intervened in the second payment, which was in July 2023, in the way I’ve said I would expect it to have done.

I say this because I haven’t seen any information from the third-party payment service provider that Mr J funded the scam payments from that Mr J was given or ignored an impactful and relevant cryptocurrency warning of the type I’d expect Revolut to have given. I also haven’t seen anything to suggest Mr J was under the spell of the scam or scammers to the extent that he wouldn’t have taken on board an impactful warning. And I agree here, like our Investigator suggested, that Revolut really ought to have covered the key features of scams like this better and more thoroughly, including common features as I’ve said above. In particular, a public figure would be an extreme red flag and I would think if things like this were pointed out, as I think they should have been, Mr J most likely would have thought the risk of proceeding too high, particularly given his proposed payment at this point was £10,000, a significant amount which I don’t think he would have been prepared to gamble with in the face of very clear risks Revolut’s appropriate warning ought to have flagged up and which would likely have resonated with him: in particular, an advertisement on social media, promoted by a celebrity or public figure; an ‘account manager’, ‘broker’ or ‘trader’ acting on his behalf; the use of remote access software and a small initial deposit which quickly increases in value. ‘Fees’ becoming payable to initiate withdrawals that then don’t fully materialise or are restricted would also be a common theme.

In circumstances like this, I need to make up my mind based on the balance of probabilities, and I think it’s fair to say that had this happened as I think it should have, it’s more likely than not that such appropriate warnings about cryptocurrency investment scams and information about how he could protect himself from the risk of fraud would have resonated with Mr J given the number of key features of such scams present in Mr J’s case. He could have

paused and looked into the 'broker' or 'platform' before proceeding further, as well as making further enquiries into cryptocurrency scams. And whilst I acknowledge I can't be certain about things, I think it's more likely than not that warnings covering the breath of features as I've described would have prevented Mr J's loss of this second payment to the scam because he most likely wouldn't then have made it.

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

I have taken into account that Mr J remained in control of his money after making the payment from Revolut. It wasn't lost until he took further steps. But Revolut should still have recognised that Mr J was at risk of financial harm from fraud, intervened as I've described, and ultimately most likely have prevented Mr J's loss from this point. I think Revolut can fairly be held responsible for Mr J's loss in such circumstances.

While I have considered all the facts of the case, including the role of other financial institutions involved, Mr J has chosen not to complain about/pursue a complaint further about any other firm and I cannot compel him to do so. And, I do not think it would be fair to reduce Mr J's compensation because he has 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 loss 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 it has 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 given above, I'm satisfied Revolut can fairly be held responsible for Mr J's loss of the second payment.

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

I've thought about whether Mr J should bear any responsibility for his loss, which from the second payment amounts to £10,000. In doing so, I've considered what the law says about contributory negligence as well as what's fair and reasonable in the circumstances of this complaint.

I agree with our Investigator about this. I don't think it's unfair to say Mr J wasn't as careful with this payment as I'd reasonably expect. Whilst I do think appropriate and timely warnings from Revolut would probably have made a difference, the fact remains that Mr J really ought to have been more careful before deciding to make this significant payment which he could not afford to lose. Such that I'm satisfied that to reflect this, Mr J should share equal responsibility with Revolut for the loss of £10,000. This means I'm satisfied Revolut should therefore pay Mr J a total of £5,000 (which is 50% of £10,000).

#### Recovery of funds

For completeness, I've considered whether Revolut unreasonably failed to recover Mr J's payments after they were made. But in the circumstances of this case where the payments were made to a cryptocurrency account in Mr J's own name and then sent onto the scammers from there, before Mr J notified Revolut that he'd been scammed, there wouldn't reasonably have been anything Revolut could have done to recover these funds for Mr J. So I can't say Revolut unreasonably missed an opportunity to recover the funds.

#### Interest

I consider 8% simple per year fairly reflects the fact Mr J has been deprived of this money. So Revolut should also pay Mr J interest on the £5,000 from 5 July 2023 to the date of settlement calculated at this rate.

### **My final decision**

For the reasons explained, I uphold this complaint in part and I direct Revolut Ltd to pay Mr J £5,000 plus interest on this amount calculated at 8% simple per year from 5 July 2023 to the date of settlement. If Revolut deducts tax from this interest, it should provide Mr J with the appropriate tax deduction certificate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 4 August 2025.

Neil Bridge  
**Ombudsman**