

## **The complaint**

Mrs K complains that Revolut Ltd didn't do enough to protect her from the financial harm caused by an investment scam, or to help her recover the money once she'd reported the scam to it.

## **What happened**

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

In May 2023, Mrs K came across a social media post from a pre-existing contact who claimed to have made money by investing in cryptocurrency. The contact directed her to another social media profile for someone I'll refer to as "the scammer".

Mrs K messaged the scammer and was advised to use a platform which I'll refer to as "F". She googled F and couldn't see any negative reviews or scam warnings and was satisfied the website looked genuine.

The scammer told her to open an account with Revolut and to first purchase cryptocurrency through a cryptocurrency exchange company I'll refer to as "M" and then load it onto an online wallet. She made payments into the Revolut account from her account with Bank H, and between 23 May 2023 and 2 June 2023, she made eight cryptocurrency exchanges on the Revolut platform, and eight card payments to M (the payments out of the account totalled £13,350). She also made eight cryptocurrency withdrawals from the platform.

Mrs K realised she'd been scammed when she tried to make a withdrawal from her trading account and was repeatedly required to pay further fees to do so. She complained to Revolut, but it refused to refund any of the money she'd lost. It said it had tried to recover the funds from the beneficiary account, but no funds remained. And the chargeback claims weren't processed because she didn't respond to its messages seeking further information. It also said she'd authorised payments to an account in her own name, and that cryptocurrency withdrawals are non-reversible.

Mrs K wasn't satisfied and so she complained to this service with the assistance of a representative. She said she'd believed the investment was genuine, and that Revolut should have asked probing questions and advised her about the risk of fraud.

Her representative said Revolut should have intervened on 22 May 2023 when she paid £2,190 to M because this was a high-value payment to a new high-risk payee. They said it should have asked whether there were any third parties involved, why she was making the payment, whether she'd done any research, whether she'd been advised to take out any loans, whether she'd checked the Financial Conduct Authority ("FCA") register, whether she'd been promised unrealistic returns and whether she'd made any withdrawals. And as she hadn't been coached to lie, she'd have explained that everything had originated from a 'broker' and it would have been obvious that she was being scammed.

Revolut explained the chargeback claims weren't submitted because there were no traces of fraud on the account and M had provided a service. It also said there was no prospect of a recovery from M because the funds had been moved out of the account.

It said there was no account history to compare the payments with, and Mrs K was sending funds to a legitimate cryptocurrency account in her own name. It also said Mrs K created the Revolut account on the scammer's advice and sent the funds onwards from M. It was also apparent that she'd made the payments without conducting proper searches because she'd have seen the FCA warning dated in 2022 which stated that F was an unauthorised investment platform. Finally, it stated that cryptocurrency withdrawals don't fall within our jurisdiction.

Our investigator recommended that the complaint should be upheld. She noted that the first transaction was an exchange to cryptocurrency, and she didn't think Revolut needed to intervene because it was low value. But she thought it ought to have intervened when Mrs K made the second transaction because it was a payment out of the account for £2,190 to a high-risk cryptocurrency merchant, and the cumulative total for the two transactions exceeded £3,000. She explained that Revolut ought to have provided a written warning which was tailored to cryptocurrency investment scams, which would have prompted Mrs K to do further checks and discover the FCA warning about F.

Our investigator recommended that Revolut should refund the money Mrs K lost to the scam from the second transaction onwards, and she didn't think there should be a reduction for contributory negligence because there was no evidence she'd seen the FCA warning or any negative reviews before making the payments.

Finally, our investigator didn't think there had been any prospect of a successful recovery because Mrs K had moved the funds onwards to M, and she wasn't entitled to any compensation.

Revolut asked for the complaint to be reviewed by an Ombudsman. It argued that these were self-to-self transactions, so the fraudulent activity didn't take place on the Revolut platform. And the funds didn't originate from the Revolut account. It also explained that it is an Electronic Money Institute (EMI) and the type of payments being made weren't out of character or unexpected with the typical way in which an EMI account is used.

It also cited R (on the application of Portal Financial Services LLP) v FOS [2022] EWHC 710 (Admin), arguing that interventions from other banks should be considered as the funds that originated with Revolut came from Mrs K's external bank account and it is relevant to whether she acted negligently in disregarding warnings from Bank H.

## **My provisional findings**

I issued a provisional decision on 10 March 2025, in which I said as follows:

### *Jurisdiction*

Our service can consider a wide variety of complaints about financial services, but we can't consider all the matters referred to us. The Dispute Resolution Rules (DISP) set out the complaints that fall within our remit and are found in the Financial Conduct Authority's (FCA) handbook. Mrs K's complaint arises from her customer relationship with a UK based firm, which is regulated by the FCA. But there are other factors which affect whether our service can consider a complaint – and DISP includes limits on the activities we can review.

According to the rules, we can consider a complaint under our Compulsory Jurisdiction if it relates to an act or omission by a firm in carrying on one or more of the activities listed under DISP 2.3. Having reviewed those activities, I've decided we can't look into the part of Mrs K's complaint which relates to the transfer or withdrawal of cryptocurrency from the Revolut platform. I hope the below explanation of why is helpful.

Mrs K had an account with Revolut which allowed her to trade in cryptocurrency. But the operation of cryptocurrency services isn't currently a regulated activity, or one that's listed under DISP 2.3 – so we aren't able to look into complaints about it. Cryptocurrency isn't electronic money or 'fiat currency' according to the FCA – instead it classifies cryptocurrency, and similar crypto-assets, as 'exchange tokens'. So, while Revolut is also a Payment Services provider, the withdrawal of cryptocurrency doesn't concern e-money or a payment account – and so doesn't fall under our remit as being about a payment service.

However, our service can look into complaints about activities that are ancillary to the ones covered by us (those listed under DISP 2.3). The steps leading up to the transfer/withdrawal of cryptocurrency also includes both the acceptance of funds into Mrs K's account and then a subsequent request for Revolut to exchange fiat money into cryptocurrency.

I am satisfied that these earlier steps amount to payment services, and in the case of the exchange, at the very least an activity which is ancillary to payment services. Given the broad nature of this complaint, I'm satisfied that the exchange to cryptocurrency is an activity our service can consider.

For the reasons I've given, our service doesn't have the remit to consider the element of Mrs K's complaint which relates to the transfer/withdrawal of cryptocurrency from the Revolut platform.

#### *The part of the complaint I can consider*

I'm satisfied Mrs K 'authorised' the payments for the purposes of the of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although she didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of his bank account, Mrs K is presumed liable for the loss in the first instance.

There's no dispute that this was a scam, but although Mrs K didn't intend her money to go to scammers, she did authorise the disputed payments. Revolut is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

#### *Prevention*

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 in May 2023 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 (among other things). 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 the 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.

I've thought about whether Revolut could have done more to prevent the scam from occurring altogether. Buying cryptocurrency is a legitimate activity and from the evidence I've seen, the payments were made to a genuine cryptocurrency exchange. However, Revolut ought to fairly and reasonably be alert to fraud and scams and these transactions were part of a wider scam, so I need to consider whether it ought to have intervened to warn Mrs K when the transactions were processed. If there are unusual or suspicious transactions on an account, I'd expect Revolut to intervene with a view to protecting her from financial harm due to fraud.

The transactions didn't flag as suspicious on Revolut's systems. I've considered the nature of the transactions in the context of whether they were unusual or uncharacteristic of how Mrs K normally ran her account, and as the first transaction was an exchange on the Revolut platform for a relatively small amount, I don't think Revolut needed to intervene. However, the second transaction happened later the same day, and it was a card payment of £2,190 to a high-risk cryptocurrency merchant from a newly opened account. So, I think Revolut should have intervened.

In May 2023, a proportionate response would have been for Revolut to have presented Mrs K with a written warning tailored to cryptocurrency investment scams. 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 balance, I think it would have. There were several key hallmarks of common cryptocurrency investment scams present in the circumstances of Mrs K's payments, such as finding the investment through social media, being assisted by a third and being asked to open an account with Revolut.

I haven't seen any evidence that Mrs K was asked, or agreed to, disregard any warning provided by Revolut. I've also seen no indication that she expressed mistrust of Revolut or financial firms in general. Neither do I think that the conversation demonstrates a closeness of relationship that Revolut would have found difficult to counter through a warning.

The weight of evidence that I've outlined persuades me that Mrs K was not so taken in by the scammer that she wouldn't have listened to the advice of Revolut, and she wasn't provided with any warnings by Bank H. Therefore, on the balance of probabilities, had Revolut provided Mrs K with an impactful warning that gave details about cryptocurrency investment scams and how she could protect herself from the risk of fraud, I believe it would have resonated with her. She could then have paused and looked more closely into the investment before proceeding, as well as making further enquiries into cryptocurrency scams and whether the scammer was regulated in the UK or abroad. And as noted above, it's possible that she'd have seen the FCA warning about F, which would have revealed the scam and prevented her further losses. Because of this, I agree with our investigator that Revolut she refund the money Mrs K lost from the second payment onwards.

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 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 the facts of the case before me when considering what is fair and reasonable, including the role of all the other financial institutions involved. I'm satisfied this is what I have done.

### *Contributory negligence*

There's a general principle that consumers must take responsibility for their decisions and conduct suitable due diligence but in the circumstances, I don't think Mrs K was to blame for the fact she didn't foresee the risk.

Mrs K has described that she found the investment through what she'd believed to be a genuine recommendation on the social media profile of an existing contact. So, there was nothing obviously suspicious about the way she came across the investment.

Mrs K hadn't invested in cryptocurrency before and so this was an area with which she was unfamiliar. This unfamiliarity was compounded by the sophisticated nature of the scam and the fact she believed the trading platform was genuine and was reflecting the fact her investments were doing well. She's explained she did some basic research and that she didn't find anything negative about F. I accept there was an FCA warning dated in 2022 suggesting any due diligence was very basic, but Mrs K was an inexperienced investor and wouldn't have known to check the FCA register without being advised to do so by Revolut. And she didn't ignore any warnings about cryptocurrency investment scams from Revolut or Bank H.

Revolut has argued that Mrs K should have been concerned that she was asked to pay for a certificate, but I consider the existence of paperwork would have further reassured her that the investment was genuine. So, I'm not minded to direct that there should be a reduction for contributory negligence.

### *Recovery*

I don't think there was a realistic prospect of a successful recovery because Mrs K paid an account in her own name and moved the funds onwards from there.

Mrs K's own testimony supports that she used a cryptocurrency exchange to facilitate the transfers. It's only possible to make a chargeback claim to the merchant that received the disputed payments. It's most likely that the cryptocurrency exchanges would have been able to evidence they'd done what was asked of them. That is, in exchange for Mrs K's payments, they converted and sent an amount of cryptocurrency to the wallet address provided. So, any chargeback was destined fail, therefore I'm satisfied that Revolut's decision not to raise a chargeback request against either of the cryptocurrency exchange companies was fair.

### *Compensation*

The main cause for the upset was the scammer who persuaded Mrs K to part with her funds. I haven't found any errors or delays to Revolut's investigation, so I don't think she is entitled to any compensation.

### **Developments**

Mrs K has accepted my provisional findings, and Revolut hasn't provided a response.

### **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.

Because there's no additional evidence or arguments for me to consider, the findings in my final decision will be the same as the findings in my provisional decision.

### **My final decision**

My final decision is that Revolut Ltd should:

- refund the money Mrs K lost from the second payment onwards, less any credits received during the scam period.
- pay 8% simple interest\*, per year, from the respective dates of loss to the date of settlement.

\*If Revolut Ltd deducts tax in relation to the interest element of this award it should provide Mrs K with the appropriate tax deduction certificate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 23 April 2025.

Carolyn Bonnell  
**Ombudsman**