

The complaint

Mr M complains that Revolut Ltd didn't do enough to prevent him losing money to a scam.

Mr M has used a representative to bring his complaint. But, for ease of reading, I'll mostly just refer to Mr M where I also mean his representative.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a summary of some of the key events here. In late 2023 Mr M says he was the victim of a scam. He found what he thought was a genuine investment opportunity through social media. He says he was given instructions as to how to open accounts with both Revolut and with a cryptocurrency exchange. As a result of the scam he made card payments from his Revolut account to purchase cryptocurrency. These were then sent on in line with the scammers instructions and Mr M was able to see it credit on his 'platform'. Below are the relevant card payments which all went to the same cryptocurrency exchange 'S'.

Date	Time	Amount
20 November 2023	6.32am	£4,000
22 November 2023	12.42pm	£502
1 December 2023	9.39am	£90

When Mr M heard of others from the same online community having difficulty making withdrawals, he attempted his own withdrawal and found he was unable to. He realised he'd likely been scammed, he reported this to Revolut and later complained that they'd not done enough to protect him. He also reported the matter to the police. Ultimately Revolut didn't offer any redress, and the matter was referred to our service.

One of our Investigators recommended that the complaint should be upheld. In summary he thought Revolut should've done more, but he also thought Mr M should accept some responsibility for his own loss. So, he recommended that Revolut pay Mr M 50% of his loss plus 8% simple interest. Mr M accepted this outcome, but Revolut didn't. They asked for an Ombudsman to review the complaint.

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.

Revolut is expected to follow the payment instructions provided by their customers. But they should also be alert to the possibility of fraud and scams and do what they fairly and reasonably can to try to minimise the risk of financial harm to their customers.

Revolut is already broadly aware of our services position in relation to payments made to cryptocurrency exchanges in late 2023. But to provide a brief summary, by that time

cryptocurrency scams were increasingly prevalent – something that both Action Fraud and the FCA had publicly warned about.

I recognise that, as a result of the actions of other payment service providers (many of whom put in place limits or increased friction for such transactions), 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 payments Mr M made in late 2023, 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 cryptocurrency, notwithstanding that the payment would often be made to a cryptocurrency wallet in the consumer's own name. I also acknowledge that Mr M's declared reason for opening his account was to purchase cryptocurrency.

With these factors in mind, I think Revolut should've identified the potential risk to Mr M upon his instruction of his first payment for £4,000. Whilst the account was newly opened without an established pattern of use, Revolut would've known that this payment was going to a well-known cryptocurrency exchange. And whilst this activity might not have been entirely unexpected, I don't think that fairly and reasonably means that any risk was mitigated. I also think Revolut too had identified that there was a potential risk. I say this because on the day before the £4,000 payment, Mr M had made three attempts to use his card for the same amount with the same merchant 'S'. And each of those payments was blocked by Revolut's system. Revolut have told us the reason the payments were declined was due to 'suspicious activity'. So I think Revolut's own actions and systems support that they had identified that there was risk attached to the payment Mr M was instructing.

In these circumstances, being aware that a card payment cannot be put on hold, I'd have expected Revolut to have declined the payment, to enable them to provide a suitable warning before then allowing Mr M to instruct his payment again, if he decided to do so. Generally, I'd expect Revolut to have gathered more information about the payment and its purpose so they could provide an appropriate warning. And, as here, where it was identifiably going to a cryptocurrency exchange, I'd have expected any warning to also have included key factors in common cryptocurrency scams, irrespective of the payment reason provided by the customer.

I'd have expected this to have covered common features of cryptocurrency scams such as investments promoted on social media, and the potential that people won't be able to make withdrawals from their investments. Had a warning such as this been delivered, in the circumstances of this complaint, I think it would've made a difference. This is particularly the case as Mr M's 'investment' had several features common to a lot of scams. Principally that it was promoted and marketed through social media, that it had a 'guaranteed' return and it involved sending on cryptocurrency to a wallet address provided by the scammer. So I think a suitable warning would've resonated with Mr M as there would've been several factors that would've matched his experience in dealing with what he initially thought was a legitimate investment.

Mr M says he hadn't previously done any research as to the legitimacy of the investment he was embarking on (something I'll come to below). And there was information in the public domain at that time to indicate that who he thought he was dealing with, may be operating a scam. So, as a minimum, I think an appropriate warning would've likely caused Mr M to have

done more research in which he most likely would've found information suggesting his 'investment' was a scam. And I don't think it's likely he would've then gone ahead with any of his payments, meaning all his losses from his Revolut account would've been prevented.

Revolut say they intervened in the smaller payment that took place later on 22 November and Mr M said the payment was for 'something else'. So they've questioned whether Mr M would've answered any questions honestly so that appropriate warnings would've been given. I'm not persuaded this is sufficient to indicate that Mr M wouldn't have been influenced by an appropriate warning upon his earlier payment. And as I've covered above, the payment was identifiably going to a cryptocurrency exchange and where the payment presents sufficient risk, (as it did here) cryptocurrency scams are something that should've been included in any warnings given.

I acknowledge that Mr M's payments went to an account in his name. And Revolut have argued that they shouldn't be held liable as they weren't the point of loss. Again, Revolut are aware of our service's position on this point though many of my colleague's final decisions on other cases. And here, I still think if Revolut had responded appropriately to the risk presented by Mr M's payment instruction, that (for the reasons set out) his losses would've been prevented. I'm satisfied that there is enough of a link between Revolut's failures, and the loss suffered by Mr M that it's fair and reasonable in this case to make an award.

Revolut have also highlighted that Mr M's account was credited with funds from other accounts he held with other regulated firms before they were lost to the scam. They have also suggested that our service should use the provision in DISP which allows us to suggest that it may be appropriate for Mr M to complain to another firm. Mr M has professional representation when bringing his complaint, who would be well aware of the potential to also complain to other respondents and Mr M has chosen not to refer complaints to us about these other firms. Our service contacted those other firms to confirm whether there was any information (relating to the transfers / top-ups to Revolut) which might impact my consideration of whether an intervention would've made a difference. Both confirmed that they didn't intervene in Mr M's payments to his Revolut account. And ultimately, I can only consider the complaint that has been referred to me and for the reasons I've covered, I remain of the opinion that it would be fair and reasonable to hold Revolut responsible for Mr M's loss in this case. And as Mr M has been without the use of funds he otherwise would've had, I think it's appropriate to also add 8% simple interest to compensate him for the loss of use of those funds in the meantime.

However, to be fair to both sides, I also need to think about Mr M's own actions here. He sent a not insignificant sum to an investment that he found through social media without conducting any research or due diligence. He also didn't question the requirement to open a new account with Revolut to fund his investment (something a legitimate firm would be unlikely to require). Mr M has also mentioned the 'guaranteed' nature of his expected return and that he believed he was investing in cryptocurrency (a volatile asset class), which is something that I think would've appeared as too good to be true. So taking all these factors into consideration, I agree with our Investigator that it would be appropriate in this case to reduce the award by 50% on account of Mr M's contributory negligence.

For completeness, I've also thought about whether Revolut did what they should to try to recover any funds. But as they initially went to S, who would've provided cryptocurrency in exchange for the funds received, I don't think there was anything Revolut reasonably could've done that would've resulted in a successful recovery.

My final decision

For the reasons outlined above, my final decision is that I uphold this complaint in part.

Revolut Ltd must pay Mr M £2,296 (that being 50% of his loss arising from the payments listed above). 8% simple interest (yearly) should be added to this amount. This should be calculated between the date of loss for each payment to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 2 July 2025.

Richard Annandale
Ombudsman