

The complaint

Mr H complains that Revolut Ltd won't refund payments he made as a result of a scam.

What happened

In 2022, Mr H fell victim to an investment scam, involving a fraudulent broker that I'll refer to as 'A'. A initially persuaded him to make payments from his account with Intelligent Finance to a cryptocurrency exchange. From there, the funds were seemingly exchanged and passed on to A under the guise they'd be invested on his behalf. In fact, the investment was fake.

After a series of unsuccessful payments, Mr H sent his money to his Revolut account, where he continued to make payments to cryptocurrency exchanges for the purpose of his investment. The relevant transactions are as follows:

Date	Description	Amount
31 October 2022	Top-up received from Mr H's account with Intelligent Finance	+£34,000.00
1 November 2022	Transfer declined to Mr H	(-£34,000.00)
2 November 2022	Transfer to a cryptocurrency exchange, 'S'	-£34,000.00
3 November 2022	Payment returned from S	+£34,000.00
4 November 2022	Transfer to S	-£8,001.00
5 November 2022	Payment returned from S	+£8,001.00
7 November 2022	Transfer to S	-£5,001.00
8 November 2022	Payment returned from S	+£5,000.00
8 November 2022	Card payment to a cryptocurrency exchange, 'B'	-£8,500.00
9 November 2022	Card payment to B	-£5,000.00
10 November 2022	Card payment to B	-£5,000.00
11 November 2022	Card payment to B	-£5,000.00
12 November 2022	Card payment to B	-£5,000.00
13 November 2022	Card payment to B	-£5,000.00

Mr H said that when he'd issues withdrawing and when he didn't hear from A, he realised he'd been scammed. So he reported the matter to Revolut and asked to raise chargeback claims, which ultimately didn't result in him getting his money back.

In 2023, Mr H complained to Revolut via his professional representatives that it ought to have done more to protect him from the scam. Revolut didn't uphold the matter and said it would update him on raising chargeback claims. It later confirmed these weren't successful.

Unhappy with its response, Mr H brought the matter to our service. Our investigator concluded that Revolut ought to have stepped in with the payments, and if it had, it's likely that the scam would've unravelled. So they recommended it refund his losses, less 50% to reflect that Mr H ought to share the blame.

Mr H accepted the investigator's findings, but Revolut disagreed. In summary, it said:

- Mr H moved money to his own account with B. So his losses didn't happen from Revolut.
- It's relevant to consider possible other bank interventions, as the funds originated from elsewhere.

The complaint has since been passed to me to make a final 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.

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 H was at risk of financial harm from fraud?

I recognise Revolut knew far less about these payments than the detail in which I've described the scam above. And given that you can generally only top-up an account with a cryptocurrency exchange using an account in your own name, I accept this may have offered some reassurance to Revolut about the disputed payments. But I must balance that with how, by October 2022 when these payments were made, I consider that Revolut ought to have been aware of the increasing frequency of cryptocurrency scams, which the FCA and Action Fraud had published warnings about.

I've also considered that the activity of the disputed payments was markedly different to how Mr H typically used his account. It was opened in January 2022 and was used for some modest cryptocurrency-related transactions and day-to-day spending. In comparison, Mr H made a significant transfer for £34,000.00 to S – and further to its return, quickly attempted to make smaller transfers, which were ultimately returned too. He then promptly made a successful card payment for £8,500.00 to B. While smaller than his attempted payments, this was still substantial in relation to his general spending.

Taking this all into account – the increasing risk of cryptocurrency scams and the unusual flurry activity involving significant amounts, I consider that Revolut ought to have recognised that Mr H was at risk of financial harm from fraud when he attempted the first payment to B. Indeed, it's arguable it should have recognised the risk from the outset, but as there are no losses from the returned payments, I don't think I need to decide this.

What did Revolut do to warn Mr H and what should it have done?

I've not seen that Revolut intervened with these payments, aside from general warnings when Mr H set up a new payee and the card payment's two-factor authentication. Given the circumstances I've described, I'd have expected it to go further – for example, by directing him to its in-app chat facility to discuss the circumstances of the payment with one of its agents.

If Revolut had done this, would that have prevented the losses Mr H suffered?

I'm satisfied that, had Revolut discussed the matter with Mr H as I'd have expected, it's likely the scam would've unravelled. I've considered that the circumstances behind these payments featured red flags and hallmarks of a typical multi-stage investment scam. Namely, that he'd had an account manager who instructed him to use a cryptocurrency platform to send money to an unregulated investment platform; he'd not made a successful withdrawal from the platform; and he'd been convinced to use his pension and an equity release from his home to fund the investment.

I've also noted that, from the evidence available, I've not seen that the fraudsters provided Mr H with a cover story to provide to firms if he was questioned about payments. In saying that, I've reviewed Intelligent Finance's contact records with Mr H and a call recording it's provided of a conversation it had with him about a payment relating to the scam. From these, I can't see Mr H deliberately misled it, or that he was provided with an effective warning that he ignored.

It follows that, had Revolut asked open and probing questions as I'd have expected, I think it's likely that Mr H would've answered honestly. And from that, I think Revolut could've provided context around investment scams and warned him it sounded like a scam. Bearing in mind that this wasn't money he could afford to lose, and I've no persuasive evidence to suggest he'd ignored warnings before, I think it's likely this would have stopped his further losses.

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

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

While I have considered all of the facts of the case, including the role of other financial institutions involved, I've not seen Mr H that has chosen 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 H's compensation because he's only complained about one firm, as I consider that Revolut should have prevented the loss.

Should Mr H bear any responsibility for his losses?

Mr H has accepted our investigator's recommendation that the award should be reduced by 50% to reflect his contributory negligence. So I won't comment on this in detail. But to

summarise, while I appreciate how Mr H was taken in by the sophistication of the scam, I think he ought to have questioned things more, particularly given the sum he was investing and that he was using his pension and home equity to do so. I'd also have expected him to have been more sceptical of some of the investment's features, like 'insured trades'. In these circumstances, while I don't wish to blame Mr H as a victim of a scam, I think it's fair to reduce the award against Revolut by 50%.

My final decision

For the reasons I've explained, I uphold Mr H's complaint. Revolut Ltd must pay Mr H:

- The total of his losses from the disputed payments, less 50% to reflect his contributory negligence. I understand this to be £16,750.00.
- Pay 8% simple interest per year on this amount, from the dates of the disputed payments to the date of settlement (less any tax lawfully deductible).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 13 February 2026.

Emma Szkolar
Ombudsman