

The complaint

Mr I complains that Revolut Ltd ('Revolut') won't refund the money he lost when he fell victim to a scam.

What happened

Mr I's representative says that in June 2023 he was browsing online and saw an article promoting investments which included a link to register his interest with a company I'll call E in this decision. E offered the opportunity to invest in mining pools as a profitable way to mine Bitcoin. Mr I was contacted by an adviser at E (who I'll refer to as T in this decision) and over a few days they built a trusting relationship.

Mr I says he was required to provide some "know your customer" information and the advisor used a screen sharing application to help Mr I set up a trading account and various other accounts to enable him to buy cryptocurrency. Mr I started to make deposits by making card payments to cryptocurrency providers which he was able to see on his trading account.

I understand that various mining levels were offered so that as Mr I invested more, he went up through the levels and could earn more money. At each level Mr I was required to have invested a minimum amount.

Having reviewed the messages Mr I exchanged with E's customer support agent I can see that on 7 July 2023, Mr I said he wanted to apply for level three and was told he needed to complete it by 15 July. Mr I asked for an extension and was given until 25 July. It was a condition of the extension that he pay part of what was due within seven days. On 13 July Mr I said that he'd like to withdraw and asked how. E's customer service agent told Mr I that he would need to complete level three before he could withdraw. Mr I said he didn't wish to and just wanted to withdraw, but the agent said that if he didn't pay his mining pool would be temporarily frozen until the pool ended, which would likely be after twelve months.

On 18 July Mr I explained that he had put the funds required for level three in the previous day. The agent then discussed how much Mr I needed to pay to reach level four. Although he didn't want to go to this level, Mr I was told it was "irreversible".

Mr I contacted Revolut via its in app chat and reported a scam on 22 July 2023. He provided some information but didn't respond to further requests and Revolut closed the chat. Mr I has told this service that he stopped responding on the advice of the scammer.

After reporting the scam to Revolut, Mr I made further payments towards the scam. He didn't pay the amount required to reach level four in time and was told he needed to make a payment to reactivate the account. He was given seven days to pay and told that if he didn't, his account would be permanently frozen. Mr I made further payments. He was then advised that he needed to make another payment (an extension fee) because he'd paid the wrong wallet. He didn't make this payment.

I have set out in the table below the transactions Mr I made from his Revolut account, which he opened on 25 June 2023. The card payments and the first two transfers were made to cryptocurrency providers. All remaining transfers were made to a multi-currency account that Mr I had control of. He says that all funds transferred were moved to a cryptocurrency wallet and then on to wallet details provided.

Transaction	Date	Method	Amount
1	25/06/23	Card	£1,000
2	26/06/23	Card	£1,000
3	26/06/23	Card	£1,000
4	30/06/23	Card	£2,450
5	30/06/23	Card	£2,500
6	02/07/23	Card	£3,000
7	03/07/23	Card	£1,000
8	03/07/23	Transfer	£1,000
9	03/07/23	Transfer	£800
10	07/07/23	Transfer	£3,000
11	08/07/23	Transfer	£2,900
12	09/07/23	Transfer	£3,000
13	10/07/23	Transfer	£3,000
14	10/07/23	Transfer	£3,000
15	10/07/23	Transfer	£1,000
16	10/07/23	Transfer	£500
17	11/07/23	Transfer	£850
18	17/07/23	Transfer	£3,000
19	17/07/23	Transfer	£2,950
20	11/08/23	Transfer	£8
21	11/08/23	Transfer	£500
22	11/08/23	Transfer	£500
23	11/08/23	Transfer	£800
24	02/09/23	Transfer	£1,700
Total			£40,458

Mr I appointed a professional representative who wrote a letter of complaint to Revolut in October 2023. Mr I said that Revolut failed to protect him when the payments were made.

Revolut didn't agree to reimburse Mr I. It said that Mr I's representative didn't provide the information it needed to fully investigate his complaint and it had followed the correct procedures.

Mr I was unhappy with Revolut's response and brought a complaint to this service.

Our investigation so far

The investigator noted that Revolut had only considered scam transactions up to 17 July 2023, but Mr I had made more payments after this. She asked Revolut to include these further transactions, but it didn't respond.

The investigator recommended that Mr I's complaint be upheld in part. She said that when Mr I made payment six in the table above, Revolut ought to have had concerns and provided a warning tailored to cryptocurrency investment scams. The investigator thought that such a warning would have resonated with Mr I and resulted in the payment not being made. In saying this, the investigator noted that when Mr I's bank intervened, he was honest with it and, when Revolut later sent an email saying a transaction was high risk, Mr I rejected the payment.

The investigator recognised that Mr I made payments to the scammer after reporting the scam to Revolut, but said that by that stage things were different because Mr I wasn't investing – he was trying to withdraw funds and was desperate not to lose his money. After considering Mr I's actions, the investigator said it would be fair for liability to be split between Mr I and Revolut. Finally, the investigator said that in respect of the card payments a chargeback wouldn't be successful and that there was no prospect of recovering the funds transferred.

Mr I agreed with the investigator's findings, but Revolut did not, so the complaint has been passed to me to decide. In summary, Revolut said:

- The payments Mr I made were "Self-to-Self", so Mr I owned and controlled the beneficiary accounts he was paying from his Revolut account, and his funds were lost from these cryptocurrency platforms and accounts. Revolut was merely an intermediary in the process.
- As the payments were self to self, there is no Authorised Push Payment (APP) fraud as defined in DISP rules. The transfers also don't meet the Contingent Reimbursement Model Code (CRM Code) definition of APP fraud or the definition in the PSR mandatory reimbursement scheme. So, for this service to effectively apply the reimbursement rules to such self-to self transactions executed by Revolut is an error of law. Alternatively, this service has irrationally failed to consider that the transactions are self-to-self payments.
- Revolut isn't able to obtain information from sending banks about the warnings they provide when customers credit Revolut accounts. But the rules under which this service operates allows us to get this information. Any warnings provided by external banks need to be considered.
- Overall, it is irrational and illogical of this service to hold Revolut responsible in these circumstances when there are other financial institutions in the payment chain that have comparatively greater data on a customer than Revolut that are not being held responsible in the same way.

After reviewing the evidence I wasn't minded to uphold the complaint so I issued a provisional decision on 18 December 2024. In the 'What I've provisionally decided – and why' section of my provisional decision I said:

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.

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 when the payments were made 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 – (as in practice Revolut sometimes does); and
- 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) and the different risks these can present to consumers, when deciding whether to intervene.

Should Revolut have recognised that Mr I was at risk of financial harm from fraud?

It isn't in dispute that Mr I has fallen victim to a cruel scam here, nor that he authorised the payments he made to cryptocurrency providers and a multi-currency account.

Whilst I have set out in this decision the circumstances which led Mr I to make the payments using his Revolut account and the process by which that money ultimately fell into the hands of the fraudster, I am mindful that, at that time, Revolut had much less information available to it upon which to discern whether any of the payments presented an increased risk that Mr I might be the victim of a scam.

The early transactions Mr I has asked me to consider were card payments to an identifiable cryptocurrency exchange. I am satisfied that by the end of 2022, prior to the payments Mr I made in June 2023, 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.

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.

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

Mr I opened an account with Revolut to make the scam transactions, so Revolut had no information about his usual spending patterns. The first transactions Mr I made were relatively low in value. But, by payment three on 26 June 2023 I consider that Revolut should have recognised the increased risk posed by payments to a cryptocurrency exchange. I think a proportionate response to that risk would have been to provide a written warning tailored to cryptocurrency investment scams.

The warning Revolut ought fairly and reasonably to have provided 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, sometimes 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.

I recognise that from 3 July 2023 Mr I made multiple transfers but am mindful that he was paying a multi-currency account in his own name, so the risk of harm was considerably reduced. Given this, I'm not persuaded that Revolut needed to do more than provide the warnings I will discuss below.

I've also thought about the fact Mr I initially reported the scam to Revolut on 22 July 2023, but Revolut allowed him to continue to make payments after this date. Having carefully considered the chat I can see that Revolut blocked Mr I's card and provided information about a chargeback that day. Mr I was also asked to provide screenshots, which he did. As

Mr I sent the screenshots, he was asked multiple times to let the Revolut agent know when he had finished. Mr I didn't do so and the agent left a message saying it needed the information requested to proceed so would close the chat. Mr I then provided further screenshots on 1 August and was again asked questions he didn't reply to. Revolut provided details of the chargeback process again.

Whilst Revolut was on notice that Mr I was the victim of a scam it didn't have full details. Mr I was also paying an account in his own name, so it wasn't clear that he was continuing to send funds to a scammer. And there was a gap before further payments were made. So I'm not persuaded that Revolut should have blocked all payments from Mr I's account to the multi-currency account he was transferring to.

What did Revolut do to warn Mr I?

Revolut says that each time a new payee was set up it provided Mr I with a new payee warning that said:

"Do you know and trust this payee?

If you're unsure, don't pay them, as we may not be able to help you get your money back. Remember, fraudsters can impersonate others, and we will never ask you to make a payment."

Revolut says it also identified payments ten and eleven as suspicious. In respect of these transactions, Revolut also completed a further review. As a result, these payments were held and Mr I was presented with further screens which said,

"This transfer could be a scam

Our systems identified this transfer highly unusual, and put it on hold

Your transfer is more unusual than

99.2%

of all Revolut transfers"

Revolut provided Mr I with educational stories which warned that victims lose millions of pounds a year to bank transfer scams and that fraudsters are professionals. Revolut then asked Mr I to provide a reason for the payments. Mr I chose investment for payment ten and something else for payment eleven. Revolut then provided Mr I with warnings tailored to the payment reasons chosen. The investment warning referred to fake but often convincing investment opportunities to earn easy money. A further screen said legitimate investments don't offer a guaranteed profit and aren't arranged over social media. The screen also said that investment companies will be registered with a regulator. The something else screen said that if Mr I was told to ignore Revolut's warnings it was a scam.

If Revolut had provided a warning of the type described, would that have prevented the losses Mr I suffered?

Unlike the investigator, I'm not persuaded that a written warning tailored to cryptocurrency investment scams would have resonated with Mr I and led to him not making the payment. The investigator made a distinction between the payments Mr I made to invest and those made to withdraw his funds but having read Mr I's chat with customer support I don't think I can fairly make the same distinction. I have set out in the section above what the payments related to.

I don't believe a written warning tailored to cryptocurrency investment scams would have resonated with Mr I based on other intervention, the messages Mr I exchanged with T, and the fact that he continued to make payments even when he knew he was the victim of a scam. Mr I also made later payments after receiving warnings that included features of the scam he was falling victim to.

Mr I's bank cancelled payment attempts on 26 June 2023. It had calls with Mr I on 27 June 2023 about one of the attempted transfers to his Revolut account the previous day. When questioned on whether anyone had asked Mr I to make the payment he said 'no'. The agent asked the ultimate destination of the funds and Mr I referred to a provider of cryptocurrency but said the transaction wasn't cryptocurrency related. Scam concerns were raised, and Mr I was advised to keep the funds in his Revolut account until he'd looked into where his funds were going. Mr I didn't heed this advice.

I have also carefully considered the messages Mr I exchanged with T. It's clear Mr I sent screenshots to T of every step he took and followed her exact instructions.

From 13 July 2023 Mr I expressed concerns about T and said that he thought E's site was a scam. He said his wife had made him uncertain and had provided him with an article. Mr I asked T to take a selfie at the location she said she was at. He also said that she constantly lied to him, the site was a scam, and she was involved. Again, on 21 July 2023 Mr I said he didn't believe anything T said and had no trust in her. The following day Mr I reported a scam to Revolut. I appreciate that Mr I told the investigator he wasn't sure it was a scam when he reported it to Revolut, but I think his messages are unequivocal.

Even though Mr I repeatedly told T that what she was saying wasn't true and she was involved in a scam he continued to make payments in July and August 2023 and a further payment in September. I note Mr I said in his chat with T on 8 August that he'd been scammed by a company trying to recover his money but some of the payments are after that and the customer service chat messages indicate that the payments relate to the original scam. I also haven't seen any evidence to suggest these payments relate to a separate recovery scam.

If Mr I has evidence that he made payments from his Revolut account as a result of a separate recovery scam he should provide it in response to this provisional decision.

I'm also mindful that the scam Mr I fell victim to wasn't a classic cryptocurrency investment scam and so the essential elements I'd expect Revolut to cover in a tailored warning were unlikely to resonate. And, the investment warning Revolut provided on 7 July 2023, which included that investments aren't arranged over social media and guaranteed returns, didn't prevent Mr I's further loss.

So I'm not persuaded that a written warning tailored to cryptocurrency investment scams would have prevented Mr I's loss.

Recovery

I've gone on to consider if Revolut could have done more to recover Mr I's funds. Given that Mr I received cryptocurrency as expected I don't believe there was a valid chargeback claim in respect of the card payments. The transfers were to accounts in Mr I's own name so Revolut couldn't recover them.

Overall

Whilst I'm very sorry to hear about this cruel scam I'm provisionally minded not to uphold this complaint.

Responses to my provisional decision

Revolut didn't respond to my provisional decision.

Mr I didn't agree with my provisional decision. Through his representative, he agreed that Revolut should have been on notice of a risk of harm when Mr I made payment three and went on to raise the following points:

- At this stage Revolut should have been on notice and implemented protections concerning job or employment scams. He referred to various articles which covered such scams prior to Mr I making the payments I have set out above.

- Revolut regularly warns customers about those impersonating individuals and businesses. Revolut should have done more to stress this universal contextual aspect of every scam. Had Revolut done so, he would not have continued to make payments.
- On 8 and 9 July 2023 Revolut advised Mr I that his transactions were more unusual than 99.2% of all Revolut transfers. In these circumstances, Mr I questioned why Revolut can be allowed to provide what he described as ineffective pop-up stories rather than going to live chat. Revolut failed in its duty to avoid causing foreseeable harm and so should accept some liability.
- After Mr I reported a scam to Revolut it allowed him to make further payments. It isn't fair or reasonable to expect Revolut to have full details of a scam before it acts to mitigate further loss, Revolut was also on notice that Mr I was vulnerable at this point and should have strengthened the security on the account.
- Revolut was aware that scam victims can be approached by the same or new scammers as part of a recovery scam but didn't provide scam education after Mr I reported that he was a victim. Mr I says there should have been human intervention here and Revolut failed to prevent foreseeable harm, meaning it should be held partially responsible.
- It's unfair to blame him for trying to get his money back and to hold him fully liable.

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 carefully considered Mr I's response to my provisional decision I have reached the same outcome and for the same reasons – which I have set out above.

I appreciate Mr I is the victim of a particularly cruel scam and that he has lost a lot of money. But, overall, I'm not satisfied that had Revolut intervened as I think it should Mr I's further loss would have been prevented.

I think Revolut should have provided a written warning tailored to cryptocurrency investment scams when Mr I attempted to make payment three in the table above. Given that Mr I was making payments to an identifiable cryptocurrency exchange I think Revolut should have recognised the increased risk such payments carry and provided a warning tailored to cryptocurrency investment scams. At this stage, I'm not persuaded Revolut needed to go further.

Mr I's representative said Revolut's written warning should have covered job or task-based scams. Whilst I don't agree, I question how a warning that covered this scam type would have resonated with Mr I given that he didn't fall victim to this type of scam.

I'm not persuaded that a written warning covering the main features of an investment scam would have resonated with Mr I and prevented him from making payment three and future payments. I'd expect such a warning to cover an advertisement on social media, possibly 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.

Mr I was involved in a 'mining' scheme. There was no advertisement on social media or celebrity endorsement, and he didn't have an account manager. Instead, he built a relationship with an individual who introduced an investment opportunity to him and helped Mr I to complete the relevant steps himself. There also wasn't a small initial deposit which quickly increased in value. So I'm not persuaded a written warning of the type I have described would have resonated with Mr I.

I'm also mindful of other factors, like the fact that very soon after Mr I made payment three his bank intervened when he made transfers to his Revolut account. Mr I told his bank that nobody had asked him to make the payment. Red flags were raised in the call, and Mr I was advised to take additional steps to protect himself before he moved funds from his Revolut account. Mr I didn't follow the advice following human intervention from his bank, so I'm not persuaded that an onscreen warning would have resulted in a different outcome or prevented further payments from being made.

Mr I also built up a relationship with T and provided screenshots of each stage of the process and followed the advice she gave. And, even when Mr I strongly believed he was the victim of a scam, he continued to make payments. Finally, a later written warning from Revolut which covered features of the scam Mr I fell victim to didn't have any impact on his decision making.

Revolut intervened when Mr I made payments ten and eleven and provided educational messages. Given that Mr I was paying his own account, I'm not persuaded Revolut needed to go any further.

Mr I has said that Revolut should have frozen his account after he reported the scam and should have provided him with some scam education.

There was a gap of almost three weeks between Mr I partially reporting the scam and further payments from 11 August 2023. The payments were also going to Mr I's own account so could have been used for a variety of purposes. So I'm not persuaded his subsequent loss was foreseeable. I also consider it reasonable to expect that after a customer has reported a scam, they won't make further payments towards the same scam.

I agree that scam education should have been provided when Revolut closed the chat with Mr I after he didn't provide information. Such scam education would have been particularly relevant if Mr I fell victim to a recovery scam, as these scams are common after someone has fallen victim to an investment scam. But this wasn't the case here. It's also hard to see how scam education would have impacted Mr I's decision making, given how sure he was that he was a victim and that he still made scam payments.

Overall, I can't fairly ask Revolut to reimburse Mr I.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 6 February 2025.

Jay Hadfield
Ombudsman