

The complaint

Mr M complains that Revolut Ltd ('Revolut') hasn't refunded the money he lost to a cryptocurrency investment scam.

What happened

The circumstances of the complaint are well-known to both parties. So, I don't intend on setting these out in detail here. However, I'll provide a brief summary of what's happened.

In March 2024, Mr M saw a cryptocurrency investment opportunity being advertised on social media. The investment – which I'll refer to as 'D' – said it was endorsed by a well-known celebrity. Mr M says that D had a professional looking website and good reviews online, so he decided to contact D for further information.

Mr M began communicating with one of D's representatives, via an instant messaging service. Believing D to be a genuine investment opportunity, Mr M decided to open an account and was given access to a legitimate looking trading platform. He then began investing funds with D.

In April 2024, Mr M made seven payments, totalling £42,000, from his account with another of his banking providers – which I'll refer to as 'Bank T' – to his Revolut account. Mr M also received three payments into his Revolut account, totalling £20,000, from third parties. In May 2024, Mr M deposited £5,000 into his Revolut account, the originating account of which is unknown.

On eight separate occasions during April and May 2024, Mr M used Revolut to convert his funds into euros, which he subsequently sent to his digital wallet with a well-known cryptocurrency exchange – which I'll refer to as 'K' – leaving only €0.50 remaining in his Revolut account. Once the funds were in his digital wallet with K, Mr M exchanged them for cryptocurrency, which he sent to D. Unfortunately, D wasn't a genuine investment opportunity and Mr M's cryptocurrency had been sent to a digital wallet controlled by a scammer.

After discovering he'd fallen victim to a scam, Mr M reported the situation to Bank T and to Revolut. Bank T agreed to refund the funds Mr M had sent from Bank T to Revolut (less the £150 Mr M says he received back from the scammer). However, Revolut refused to reimburse Mr M's outstanding loss of approximately £25,000.

Unhappy with Revolut's response, Mr M referred a complaint to this service. Our Investigator considered the complaint, but didn't uphold it. In their opinion, Revolut couldn't have prevented the scam or recovered Mr M's funds. As a result, they didn't think Revolut could fairly be held responsible for Mr M's outstanding loss.

Mr M – through the help of a professional representative – didn't agree with our Investigator. He explained that the scam payments were suspicious, but Revolut's intervention wasn't good enough to bring the scam to life. Mr M said if Revolut had educated him on the common features of a cryptocurrency investment scam, it would've broken the scammer's spell and prevented him from going ahead with the scam payments and losing his money.

As an agreement couldn't be reached, the complaint has been passed to me to decide.

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 deciding what's fair and reasonable, I'm required to take into account relevant law and regulations, regulators' rules, guidance and standards, codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

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.

Here, it's not in dispute that Mr M made the scam payments from his Revolut account. So, the payments were authorised and under the Payment Services Regulations, the starting position here is that Mr M is responsible for the payments (and the subsequent loss) despite the payments being made as a result of a scam.

However, that isn't the end of the story. Good industry practice required Revolut to be on the lookout for account activity or payments that were unusual or out of character to the extent that they might indicate a fraud risk. On spotting such a payment, I'd expect it to take steps to warn the customer about the risks of proceeding.

Revolut has argued that Mr M opened his account for the purpose of making the scam payments. As a result, Revolut didn't have any previous transactions to compare the scam payments to. However, Revolut did have some information available to it, which would've allowed it to assess the risks involved in the transactions Mr M was making. So, I'm not persuaded Revolut couldn't have identified that Mr M was falling victim to a scam because the account was brand-new.

When the successful scam payments were made, Revolut ought to have known that the destination of the payments was a cryptocurrency exchange. At the time of the payments, firms like Revolut had been aware of the risk of multi-stage scams involving cryptocurrency for some time. Scams involving cryptocurrency had reached record levels in 2022. By April 2024 (when Mr M began making the scam payments to K), Revolut ought fairly and reasonably to have recognised that there was an increased risk of fraud when its customers were using its services to purchase cryptocurrency.

So, in some circumstances, a payment to a cryptocurrency exchange should have caused Revolut to consider the payment as carrying an increased risk of fraud, despite the payment going to the customer's own digital wallet.

Revolut did flag the first four scam payments as suspicious. For each of those payments, Mr M was:

- shown a high-risk warning that the transaction had been flagged as a potential scam;
- asked to answer questions about why he was making the payments;
- shown some tailored cryptocurrency investment scam warnings; and
- invited to answer further questions in the Revolut in-app chat function.

Mr M has argued that as the questions and warnings were almost identical each time, that they weren't impactful and failed to bring to life what a cryptocurrency investment scam looks like in practice. Revolut has argued that Mr M didn't give accurate answers, which prevented it from identifying the true purpose of the payments he was making. Revolut has also argued that further questions or warnings are unlikely to have made a difference to Mr M's decision making at the time.

I would expect a firm like Revolut to sufficiently question a customer about a suspicious transaction. I agree with Mr M that in the circumstances of the payments he made that Revolut could've done more to verify the payments were being made for genuine reasons. However, I'm not as persuaded as I'd need to be that better questioning from Revolut would've identified the scam or stopped Mr M from going ahead with the payments. I'll explain why.

It's unclear why Mr M didn't give correct answers to Revolut. It's common for scam victims to be coached on how to answer questions from financial institutions and are given advice on what to say – and importantly what *not* to say – to avoid the scam being detected. Mr M has said that he wasn't coached by the scammer on how to answer Revolut's questions. However, the messages exchanged between Mr M and the scammer indicate calls took place when each of the first four scam payments were held up for fraud checks. I can't be certain what was said between Mr M and the scammer during those conversations, but they coincided with Mr M giving Revolut incorrect answers and, as Mr M had no other reason not to be accurate with his responses, it seems likely he was told what to say by the scammer, as, in my experience, is often the case with these types of scam.

There are also messages exchanged between Mr M and the scammer which further support the suggestion that Mr M was being coached. When Revolut asked Mr M for evidence of his digital wallet with K, Mr M reached out to the scammer for advice. When Mr M's first deposit to K was held up, the scammer instructed Mr M to let them know if K asked any questions to ensure the funds were deposited into Mr M's digital wallet. The scammer also suggested steps Mr M could take to try and expedite the delay with K.

Mr M has also explained that as part of the scam, he was asked to download remote access software, so the scammer could guide him on opening his digital wallet with K – another common hallmark of someone being coached. The evidence suggests it's more likely than not that Mr M was being coached by the scammer, albeit mostly verbally and not through written correspondence.

There's also nothing to suggest Mr M had any concerns about providing inaccurate answers to Revolut – and I note from his complaint to Bank T that he also gave inaccurate answers when moving funds from Bank T to Revolut.

Mr M says D claimed to be endorsed by a well-known celebrity and that he saw positive reviews of D on an independent online review platform before deciding to reach out to D. Mr M says there was a professional website, along with a sophisticated trading platform. After establishing contact with Mr M, the scammer was constantly communicating with him and appeared knowledgeable about investing in cryptocurrency. So, there's nothing to suggest Mr M had any concerns about the investment he was making.

Revolut did provide warnings that were relevant to Mr M's circumstances, such as D being promoted on social media, the use of remote access, and being rushed/pressured into investing. Whilst the warnings could've been more specific, they were relevant to Mr M at the time and didn't resonate with him or give him any doubts about what he was doing. In fact, when Revolut questioned him further in the in-app chat, Mr M expressed his frustrations at the delay in his payments being made.

I accept that before the final scam payment was made, Revolut blocked Mr M's account and asked him for another copy of his statement with K. The statement Mr M provided showed funds being deposited into Mr M's digital wallet with K, before they were immediately converted into cryptocurrency and withdrawn from the account. This activity is indicative of a cryptocurrency investment scam and ought to have given Revolut cause for concern, especially as this evidence directly contradicted Mr M's earlier answers that he was buying cryptocurrency to hold in his digital wallet as the value was increasing.

In those circumstances, I'd have expected Revolut to have probed Mr M further on what he was doing and have provided the common hallmarks of a cryptocurrency investment scam. However, I'm not persuaded this would've stopped Mr M from continuing with this scam. I can see that when Revolut blocked Mr M's account, he immediately contacted the scammer and asked them to call him. So, it seems likely that Mr M received advice from the scammer on how to answer Revolut's questions to allow the account block to be removed. There's also nothing to suggest that any of Revolut's warnings caused Mr M any concern.

After Revolut lifted the block on Mr M's account, he attempted to make a withdrawal from his investment with the scammer. This resulted in him being told to pay a fee of £30,000 to access his funds and the trading platform. Mr M attempted to obtain loans to meet this cost, but he was unsuccessful. However, this didn't deter Mr M from setting up a second account with the scammer and depositing further funds, presumably with the intention of building up that investment to be able to pay the £30,000 fee to access his first scam account.

The scammer had built a strong relationship with Mr M, within a short space of time, to the extent that he trusted the scammer enough to allow them to remotely access his device and was confident in investing approximately £67,000 (a large amount of which he had to borrow from friends and family). I think this demonstrates that Mr M had full confidence that the scammer was genuine and that they were helping him. I'm also persuaded by the evidence I've seen that the scammer was most likely coaching Mr M on how to answer questions from Revolut and that Mr M trusted the advice he was given and saw Revolut's attempts to protect him from fraud to be nothing more than an inconvenience.

I'm persuaded that even if there had been better questioning from Revolut about the payments Mr M was making, it's more likely than not that Mr M would've continued seeking advice from the scammer about how to respond to ensure the payments were made – and, to circumvent any questioning, the answers he would've given wouldn't have been accurate. This would've stopped Revolut from identifying the scam and in my opinion the payments (and subsequent loss caused by these) would've happened regardless of any intervention from Revolut. I think it is also fair to say that Mr M wouldn't have heeded any better warnings presented by Revolut and proceeded with the payments – such was his belief in the scammer.

Mr M's payments all went to his own digital wallet with K and were converted into cryptocurrency, before being sent to the scammer. As a result, there wasn't anything Revolut could've done to recover Mr M's funds once the scam was reported.

I don't think Revolut could've prevented Mr M falling victim to the scam or done anything to recover his loss. As a result, I'm not persuaded Revolut can fairly be held responsible for reimbursing Mr M's outstanding loss.

My final decision

For the reasons explained above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 31 July 2025.

Liam Davies
Ombudsman