

## The complaint

Mr G complains about Revolut Ltd.

He unfortunately fell victim to a cryptocurrency investment scam and does not think that Revolut did enough to protect him – he would like it to refund him the money he has lost as a result.

## What happened

Mr G was looking online and became interested in how people were making money using bots to trade in cryptocurrency. He came across a website offering such services and registered his details. Shortly after, contact was made and he was assigned an individual who would help him.

He was required to download AnyDesk to assist and opened a Revolut account and was provided with access to a portal from where he could see his proposed trades. Initially, Mr G appeared to be making profits and was offered a special deal which the contact explained would make him even more money – which Mr G took out loans to fund. After he had paid out over £140,000 his portal was showing that he had made over \$6800,000.

24 payments were made towards the scam – totalling £146,788.70. A list of payments has already been provided to Revolut and Mr G, so I don't intend to set them out again here.

However, when he tried to make a withdrawal, he was asked to pay further funds which made him suspicious, and he realised he had been scammed.

A complaint was made to Revolut about what had happened, but it wasn't upheld. So the complaint was brought to this Service.

Our Investigator looked into things and thought that the complaint should be upheld in part. Mr G accepted this, but Revolut did not.

In summary, its response was;

- It has no legal duty to prevent scams and no obligation to reimburse scam victims outside of the FPS and CHAPS Reimbursement Rules, which do not apply to these payments.
- While it has adequate systems in place to counter the risks of financial crime, it is contractually obliged to execute valid payment instructions, with limited exceptions.
- Payments to a customer's own account don't meet the definition of an APP scam. It shouldn't be responsible for its customer's loss where it is only an intermediate link in a chain of transactions.
- The role of other financial businesses (including any interventions or warnings they might have provided) needs to be considered.

- Mr G had recently opened the account, so it was unable to say if the payments made were out of line with usual spending.
- The Financial Ombudsman should inform the complainant that it might be appropriate to make a complaint against another respondent.
- Mr G was negligent in researching the investment and failed to undertake due diligence about what he was doing.
- Mr G took out loans for the investment - which Revolut would be obliged to refund when the loan should not have been granted.
- Revolut has addressed an Administrative Court judgment, as part of its response.

As no agreement was reached, the complaint has 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 having 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 G was at risk of financial harm from fraud?*

Looking at the payments Mr G made, I don't think that Revolut needed to be concerned about the first five payments. They weren't particularly large, and while they were going to a crypto provider, not all such payments are necessarily an indication of a scam – and Revolut can't reasonably be expected to intervene in every such payment. However, by the time Mr G made the sixth payment, a worrying pattern had started – and I think that Revolut should have had concerns that he may be at risk of financial harm.

While Revolut has said that it didn't have any payment history to see what was 'normal' for Mr G, I don't agree that it should just allow such significant payments – especially ones going to a known crypto provider. I have explained above not all crypto payments are scams but there is an elevated risk, which Revolut should be aware of.

Revolut has shown that when the initial payment was made, it asked Mr G to review the transfer and to check he knew and trusted the payee – but it didn't make any further interventions on the following payments.

Given the amount of the sixth payment, I think that Revolut should have stepped in and directed Mr G to its in-app chat for a human intervention. Revolut could then have asked Mr G some questions about what he was doing and why. It should have already been aware that the funds were going to crypto, given the payment was being made to a well-known provider, so it should have tailored its questioning with this in mind.

I haven't seen anything to suggest that Mr G was told to mislead Revolut – so I think that he would have told it where he came across the investment, and been honest about what was happening – and I think that it would quickly have come to light that he had been granted access to a portal, and downloaded AnyDesk, and that he had found the opportunity on line.

This information would have been enough for Revolut to have concluded that Mr G was very likely falling victim to a crypto investment scam – and Revolut should have provided him with a relevant warning setting this out and why it felt this was the case.

Had it done so, I haven't seen anything to suggest that Mr G wouldn't have paid attention to what Revolut was telling him – and I don't think that he would have continued making the payments. So, I think that Revolut missed an opportunity to prevent Mr G's losses from this point.

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

I have taken into account that Mr G remained in control of his money after making the payments from Revolut. It wasn't lost until they took further steps. But Revolut should still have recognised that Mr G was at risk of financial harm from fraud, made further enquiries about payment six and ultimately prevented Mr G's loss from that point. I think Revolut can fairly be held responsible for Mr G's loss in such circumstances.

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 of the facts of the case before me when considering what is fair and reasonable, including the role of all the other financial institutions involved.

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

*The use of loans to fund the scam Mr G fell victim to*

Revolut has raised a number of concerns regarding this scam being largely funded by loans taken out by Mr G - and whether Mr G should be reimbursed if creditors were deceived during the loan application process or failed themselves to conduct adequate due diligence.

I've carefully considered Revolut's concerns and whether I think they should impact whether Mr G is entitled to reimbursement, as well as what other investigations are proportionate here.

I've briefly summarised those arguments below:

- a) It's the lender, rather than Mr G, that's 'truly' lost out.
- b) Our service should investigate how the loan was obtained, both because it could involve fraud on the part of Mr G and because it could provide evidence of how Mr G might have responded to any warnings.
- c) The lender may have lent the money without sufficient due diligence. In that case, it ought to be responsible, rather than Revolut. Should we find Revolut, rather than the loan company responsible, there is no incentive for lenders to improve their due diligence.
- d) If Mr G lied to obtain the loans, that would be illegal, and a longstanding legal principle means he shouldn't benefit from that conduct. In other words: Revolut has the defence of 'illegality' against Mr G's claim

Mr G is liable to repay the lenders, so I can't agree he hasn't suffered a loss as a result of paying away the loan funds to the fraudster. I nevertheless understand Revolut's concern at being held responsible (at least in part) for funds provided by the lender. And, I've thought about the arguments raised carefully, but they don't persuade me to exclude the loan-funded payments from reimbursement or to deny Mr G's claim in its entirety

As set out above, I've considered all of the circumstances which led to Mr G sending funds from his Revolut account. I have not been asked to consider a complaint against the lenders involved - and any shortcomings of those lenders in terms of the quality of the enquiries they made before agreeing to lend to Mr G had no bearing on whether Revolut was sufficiently careful in detecting (and stopping) this scam. In any event, the role of our service is not to drive standards of due diligence among lenders or regulate how far lenders go in seeking information whether deciding whether or not to advance a loan. We are not a regulator but a provider of alternative dispute resolution services.

On the issue of illegality, it's important to note that I'm deciding a complaint, not a legal claim, so such a legal defence isn't strictly applicable. Nevertheless, I'm required to take into account relevant law in considering what is fair and reasonable in all of the circumstances, and I accept there could be circumstances where it would be fair to deny a complaint of this kind on the basis of the complainant's conduct in relation to third-party lenders. I don't think Mr G's case is one such set of circumstances, and I think that Revolut's arguments are an over-simplification of the relevant law. I've broken down my thoughts on this point below.

*What specific misrepresentations did Mr G make to the lenders?*

It isn't clear what purpose Mr G selected when taking out the loans he used to partly fund the scam, or if he was asked a purpose at all. But given that the money was being used to purchase cryptocurrency, I think it is likely that Mr G did not declare that the funds would be

used in this was as the majority of lenders do not allow lending for this purpose, and so he would have had to select a different reason for wanting the loans.

*Did Mr G make these misrepresentations dishonestly?*

Based on Mr G likely misrepresenting the purpose for loans, I think it's fair to determine that this misrepresentation was made in the knowledge that it was incorrect and, albeit not necessarily with an awareness of the seriousness of this misrepresentation, dishonestly.

*What was the context and degree of seriousness to Mr G's misrepresentations?*

From the available evidence, I've seen nothing to suggest Mr G ventured into this apparent investment opportunity with anything but innocent intentions of making better returns on his money from what he believed was a genuine investment. Unfortunately, the nature of these scams is to convince individuals that to make money, they need to invest more and more funds for varying purposes in a short space of time, which are often outside of that individual's means.

That was the case here and Mr G believed he would be receiving his funds back shortly after loans were received and had intended when obtaining the loans to repay them from his trading profits.

I've seen nothing to suggest Mr G embarked on a pre-meditated attempt to defraud the lenders. I've also noted that his interactions with the lenders were, on the face of it, fairly limited and if considering levels of dishonesty to obtain funds, I would say that Mr G's actions were at the lower end of any such scale.

*Relevant case law for illegality concerns*

The leading case for consideration here is *Patel v Mirza* [2016] UKSC 42, and the "trio of necessary considerations" which the case introduced, being summarised at paragraph [120] of the majority judgment were as follows:

*"The essential rationale of the illegality doctrine is that it would be contrary to the public interest to enforce a claim if to do so would be harmful to the integrity of the legal system (or, possibly, certain aspects of public morality, the boundaries of which have never been made entirely clear and which do not arise for consideration in this case). In assessing whether the public interest would be harmed in that way, it is necessary (a) to consider the underlying purpose of the prohibition which has been transgressed and whether that purpose will be enhanced by denial of the claim, (b) to consider any other relevant public policy on which the denial of the claim may have an impact and (c) to consider whether denial of the claim would be a proportionate response to the illegality, bearing in mind that punishment is a matter for the criminal courts."*

I'll therefore cover these considerations in the circumstances of this complaint.

*Will the underlying purpose of the prohibition be enhanced by the denial of this claim?*

In my view, the law prohibits people from misleading others into lending them money, because that type of conduct is likely to harm lenders and should be deterred. I think any enhancement to the purpose of the prohibition would be minor as a result of Mr G's claim

being denied on this basis. It's possible he, or others aware of his situation, may become better aware of the importance of honesty during future loan applications or bank questioning. However, an important consideration here was that Mr G was manipulated by the fraudster to take such actions – and so a repeat of a fraudulent loan application by Mr G, or others aware of his circumstances, seems unlikely, based on the loan application being the result of falling victim to an APP scam.

*Would any other public policy be impacted by the denial of this claim?*

Considering other relevant public policy on which denial of the claim may have an impact, there are two potential policies I've considered:

- 1) That denial of complaints on this ground *could* encourage financial businesses in the position of Revolut to adjust their commercial priorities towards focusing on probing customers for signs of dishonesty against third parties, rather than on preventing their own services being used for APP frauds that they may be in a position to detect. This could be counterproductive to the fight against APP frauds, which are a very significant source of harm, and sometimes very serious harm, to the public. However, I'd not attach too much weight to this consideration, as I'd expect such adjustments, if any, to be relatively minor.
- 2) In situations where the loan repayment remains outstanding, denying a complaint that would otherwise be successful on the basis of illegality means that not only is the complainant disadvantaged, but also potentially the lender, despite the customer's dishonesty in question having been committed *against* it. Denial of the complaint has the potential, therefore, to harm the victim of the complainant's misconduct, which seems undesirable.

Given that there are opposing policy outcomes, none of which seems decisive, in my view the key consideration here becomes the third part of the relevant test – that is, whether denial of the claim would be a proportionate response to the illegality.

*Would denial of the claim be a proportionate response to the illegality?*

Mr G's actions had little bearing on Revolut's own opportunity to intervene and stop this scam, and Revolut isn't the party which was deceived. The issue of deception is between Mr G and the lenders, who have a range of options to take should they consider it necessary. These include using the self-help systems developed by the finance industry to share information about fraud and financial crime and, of course, lenders can in an appropriate case consider pursuing civil remedies or going to the police. I think that these considerations point to a conclusion that the lenders have in their own hands more appropriate ways of responding and that denial of Mr G's complaint against Revolut isn't a proportionate response.

Considering the circumstances here holistically – that Mr G's expectations and intentions when obtaining the loans were to repay shortly after, and the fact he was the unwitting victim of a scam that caused his actions – as well as both MR G's and the lender's actions (or inactions) having no impact on Revolut's own ability to detect and respond here to indications of fraud – I don't think a proportionate outcome in the circumstances would be to deny Mr G compensation and I therefore think it remains fair to hold Revolut liable (at least in part) for those of his losses it could and should have prevented.

I've explained why, ultimately, I don't think the illegality argument Revolut has raised would prevail in this case. But, irrespective of whether I'm right or wrong about that, I'd reach the same decision based on what I consider fair and reasonable in all the circumstances.

*Should Mr G bear any responsibility for his losses?*

Mr G has already accepted our Investigators recommendation that he share liability for the loss from the point I think that Revolut should have intervened – so I won't go into too much detail here. However, I don't think that Mr G was as careful as he should have been before making payments to the scammer, and I can't see that he took enough steps to verify who he was dealing with, or the legitimacy of the supposed investment.

The advert was found on online and had Mr G completed a simple google search about the company he thought he was investing with, he would have seen negative reviews relating to it dating back before he made his investment.

### **Putting things right**

Revolut Ltd should pay Mr G 50% of his losses from and including payment six. On top of this it should also pay Mr G 8% simple interest from the date of the payments until settlement (less any lawfully deductible tax).

### **My final decision**

I uphold this complaint in part. Revolut Ltd should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 18 February 2026.

Claire Pugh  
**Ombudsman**