

The complaint

Mr F complains that Revolut Ltd didn't do enough to protect him when he fell victim to a cryptocurrency investment scam.

What happened

Mr F was contacted by someone on social media about an investment opportunity. He was advised to use Revolut to exchange his money into cryptocurrency and then move it to their platform. Mr F did this and understood he'd made money, but he wasn't then able to withdraw funds and was asked to pay taxes. He realised he'd been the victim of a scam.

Mr F asked Revolut to help him get his money back and when it wasn't able to, he complained to Revolut about the payments. It didn't uphold his complaint and said they'd been processed correctly. Mr F came to our service, but our Investigator also didn't uphold his complaint. Mr F asked for an Ombudsman to review his case.

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 in July 2023 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 (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 including in relation to card payments);
- 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, 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.

While the cryptocurrency withdrawals Mr F made in this case are not a regulated activity, the process of sending them involved earlier steps, such as Revolut accepting funds into Mr F's

account (which is a regulated activity). And the exchange of that GBP into cryptocurrency, which although not a regulated activity in itself, is one which our Service would consider ancillary to payment services. This is in the same way we consider exchanging GBP into foreign currency an ancillary activity. So I'm satisfied that I can consider whether Revolut did what it should have, as outlined above, in relation to Mr F's funds and account when he used Revolut to exchange his money from GBP to cryptocurrency.

I don't consider Revolut ought to have had concerns about the first exchange Mr F made. It was for £1,000 and not entirely out of character with other transactions on the account. I do however think Revolut ought to have recognised that Mr F was at heightened risk of financial harm from fraud when he made the second exchange for £6,000. But I don't think any proportionate intervention by Revolut would have prevented his loss. I'll explain why.

Mr F has shared his conversations with the scammer with us. They started talking in May 2023, several months before he made this exchange. In June 2023, she advises him to mislead his bank if they ask him questions. Mr F says that he would come up with a plausible reason not to alert them. And that banks only approve of investments they get paid for. And by August 2023, when this exchange took place, Mr F had formed a romantic relationship with the scammer and had a great deal of trust in her, taking her advice personally and offering to share his passwords to everything with her.

Revolut was only required to take proportionate steps to try and protect Mr F from financial harm, and I'm not persuaded he would've shared anything concerning with Revolut had it questioned him about what he was doing. Or, considering the trust and relationship Mr F had with the scammer, that he would've heeded any warnings it gave. So I'm not persuaded that the scam would've been uncovered by any proportionate intervention by Revolut.

Whilst Mr F has undoubtedly been the victim of a cruel scam, I can only uphold his complaint if I'm satisfied failings by Revolut made a material difference to what happened. For the reasons given, I'm not persuaded they did.

My final decision

For the reasons set out above, I don't uphold Mr F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 20 March 2025.

Amy Osborne
Ombudsman