

The complaint

Ms J complains that Revolut Ltd won't refund money she lost when she was a victim of a scam.

Ms J is represented by a firm I'll refer to as 'C'.

What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

Ms J met a person, that I'll refer to as 'D', on an online dating application. Ms J, under the belief she was building a genuine romantic relationship with D, was convinced to invest in crypto. D guided Ms J how to do this, setting up a wallet with a legitimate crypto provider and the scam trading platform. And by directing Ms J on how to exchange fiat currency into crypto with Revolut before withdrawing it to a wallet address that she was told was linked to the trading platform. Ms J made the following successful transactions as part of the scam:

Date	Transaction	Amount
22 December 2023	Fund transfer to 'SA' (peer-to-peer crypto purchase)	£5,003
2 January 2024	Exchanged GBP to USDT	£2,500
3 January 2024	Crypto withdrawal of 2,512 USDT	£2,000.04
4 January 2024	Exchanged GBP to USDT	£1,500
4 January 2024	Crypto withdrawal of 2,507 USDT	£1,990.38
11 January 2024	Exchanged GBP to USDT	£2,415
11 January 2024	Crypto withdrawal of 2,570 USDT	£2,033.57
12 January 2024	Crypto withdrawal of 703 USDT	£554.56

Ms J also attempted five debit card payments on 2 January 2024 to the legitimate crypto provider she'd opened a wallet with, prior to the exchange of GBP to USDT on that day. The first three were reverted – as the merchant didn't claim the funds or cancelled them. Revolut declined the last two payments, which were for £3,995.89, as they flagged them as suspicious, freezing Ms J's debit card as a precaution. Revolut notified Ms J, and she unlocked her debit card. Ms J then transferred £3,990.90 to her own account with another banking provider the same day.

Ms J has explained that the crypto withdrawals she made from her Revolut account were to

pay for fees that she was told by D were required to withdraw funds from her trading account. But despite paying these, she was told further fees had to be paid. At this point, Ms J realised she'd been scammed.

C complained, on Ms J's behalf, to Revolut on 26 July 2024. They said Revolut didn't do enough to protect Ms J from the scam – as they ought to have identified the payments as unusual, carried out further checks before processing them and provided relevant scam warnings. If this happened, the scam would've been uncovered and Ms J's loss avoided. To settle the complaint, they said Revolut should fully refund Ms J, pay 8% interest and £300 compensation.

Revolut didn't uphold the complaint, and it was referred to the Financial Ombudsman.

Our Investigator didn't think Revolut had to do anything further. He thought Revolut should've done more before processing the second £3,995.89 payment Ms J attempted on 2 January 2024 – which should've consisted of automated questions about the purpose of the payment followed by a tailored written warning (based on what Revolut knew about it). But even if Revolut had done this, he wasn't persuaded this would've prevented Ms J from making the payment(s). This is because, when Revolut did ask Ms J about two of the crypto withdrawals she made, she didn't provide an accurate payment purpose. This, Ms J has explained, was on the instructions of D. Our Investigator noted that, from the 'scam chat' between Ms J and D, it shows D gave step by step instructions for her to purchase the crypto – which Ms J followed despite saying she was getting all these 'warnings' from the legitimate crypto provider and Revolut. Given Ms J trusted D, our Investigator considered she was firmly under their spell. And so, it's likely Ms J would've sought D's guidance in answering any further questions from Revolut about the payment. Because of this, it would've prevented Revolut from uncovering the scam. Our Investigator also didn't think Revolut could've done anything more to recover the funds Ms J lost.

C disagreed with our Investigator. In short, they said:

- Revolut should've intervened before processing the £5,003 payment – as it was of a significant value and funded by money that had just credited the account.
- They contend that automated questions and tailored warnings weren't sufficient here. And Revolut should've conducted a more thorough investigation, including direct human intervention to assess the legitimacy of the transactions.

Our Investigator considered C's additional points, but his position remained largely the same. He didn't think the £5,003 payment was unusual enough to have been flagged by Revolut as unusual or suspicious. And he remained satisfied that the expected level of intervention, in respect of the attempted £3,995.89 payment, would've been automated written questions, to narrow the risk of financial harm, before providing written tailored warnings. So, he didn't think Revolut needed to undertake a 'human intervention'.

C remained in disagreement with our Investigator. In short, they added:

- The £5,003 payment was of a high value and not comparable to prior transactions on Ms J's account. It was out of character. And so, for it to be released without any intervention wasn't acceptable.
- The sequence of the transactions, particularly on 2 January 2024 given the failed attempts and the prior high value transaction (£5,003), indicates a pattern of suspicious behaviour that ought to have triggered a higher level of intervention.

- Automated systems are beneficial for initial screening, but in cases of multiple indicators of risk then human intervention becomes crucial. They disagree that human intervention wasn't warranted here.

The matter has therefore 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.

I'm sorry Ms J has been the victim of a scam, and I don't underestimate the impact this has had. But while I accept Ms J has lost a lot of money due to the deception of D, I must consider whether Revolut is responsible for the loss she has suffered. I know this won't be the outcome Ms J is hoping for, but for similar reasons as our Investigator, I don't think they are. So, I don't think Revolut has acted unfairly by not refunding the payments. I'll explain why.

Before I do, I'd like to say at the outset that if there is a submission I've not addressed; it isn't because I've ignored the point. It's simply because my findings focus on what I consider to be the central issue in this complaint – that being whether Revolut is responsible for Ms J's loss.

In broad terms, the starting position in law is that an electronic money institution (EMI) is expected to process payments that their customer authorises them to make. It isn't disputed that Ms J knowingly made the payments from her account and so, I'm satisfied she authorised them. Therefore, under the Payment Services Regulations 2017 and the terms of her account, Revolut are expected to process Ms J's payments, and she is presumed liable for the loss in the first instance.

However, taking into account the regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Revolut to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

At which point, I'd like to explain that crypto withdrawals aren't a regulated activity. And so, I cannot consider them in isolation. The exchange of fiat money into crypto, 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. Therefore, given the nature of Ms J's complaint, I'm satisfied that I can consider whether Revolut did what they should have, in relation to her funds and account when she used Revolut to exchange her money from GBP to crypto.

So, the starting point here is whether the instructions given by Ms J to Revolut (either individually or collectively) were unusual enough to have expected additional checks to be carried out before the payments were processed.

When considering this, I've kept in mind that EMIs process high volumes of transactions each day. And that there is a balance for Revolut to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate – as it wouldn't be practical for EMIs to carry out additional checks before processing every payment.

Prior to the disputed payments, Ms J used her account infrequently and for mostly low value transactions. But while I accept the £5,003 payment was higher in value than what

Ms J typically spent on her account, it isn't unusual for customers to make larger payments from time to time as part of normal account activity. The £5,003 payment, while for the purpose of purchasing crypto, was also made to an individual payee rather than to the crypto provider directly – as I understand, from the scam chat, it was purchased via the peer-to-peer market. Revolut therefore wouldn't have been able to identify that Ms J was making the payment for crypto related purposes from the payee alone. Consequently, in my view, the payment wouldn't have presented as significant a risk of potential financial harm at the time. And so, I think it was reasonable for Revolut to process Ms J's payment instruction without carrying out additional checks.

I think Revolut however should've identified there was a greater risk that Ms J was falling victim to financial harm from fraud on 2 January 2024. On this day, Ms J attempted five payments to a known crypto provider. The first three were reverted by the merchant, but Revolut declined the last two as they flagged them as suspicious. Their additional checks consisted of asking Ms J to review the payments to allow her to unlock her debit card (thereby allowing her to make payments again). Having considered this, I agree with our Investigator that this wasn't reasonable or proportionate to the risk presented at the time. I think Revolut needed to do more.

I've thought carefully about what this would've looked like. And I've taken C's argument - that a human intervention was warranted - into consideration. But while I understand their views on this, I disagree. As I've said, there is a balance for Revolut to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate. Here, the reason for the first three transactions not being successful wasn't due to concerns on Revolut's part. Instead, it was because the merchant didn't claim the funds or cancelled them. It is therefore understandable why Ms J would've attempted them again. With this in mind, I don't think these first three attempted payments would've given Revolut reason to consider Ms J was at heightened risk of financial harm. That said, the attempted payments of £3,995.89 to a known crypto provider did present a risk that Revolut should've been aware of – as crypto scams have become more prevalent in recent years.

Knowing the crypto related risks presented by the attempted £3,995.89 payment(s), I consider a proportionate response would've been for Revolut to have attempted to narrow down the potential risk further. Revolut should've done this, for example, by asking a series of automated questions designed to narrow down the type of crypto related scam risk associated with the payment Ms J was making. And provided a scam warning tailored to the likely crypto related scam Ms J was at risk from.

I acknowledge that any such warning relies on the customer answering questions honestly and openly. Here, I'm aware that Ms J was subsequently asked by Revolut why she was making two of the crypto withdrawals from her account. And although there was the option of 'As part of an investment', she selected 'something else' on both occasions. Ms J has explained that this was on the instruction of D, whom she says she trusted and guided her through the payment process by telling her what to select. Having also reviewed the 'scam chat', it seems clear that Ms J believed she was in a genuine relationship with D and followed their instructions in order to invest. This was to the extent whereby, on 10 January 2024, Ms J explained that she'd asked a friend to borrow money but when she explained why, her friend wouldn't give it and said she was 'stupid'. From this, it seems evident that Ms J was heavily under D's spell and was willing to make further payments despite her friend questioning her decision to do so.

Given the level of influence D had over Ms J, I think it's more likely than not that, even if Revolut had asked her a series of questions to establish the risk associated with the payment(s) she was making, Ms J would've sought D's guidance on how to respond. Accordingly, I think D would've instructed her in such a way to ensure the payment avoided

further scrutiny by Revolut (and the scam being uncovered). I'm also not persuaded that a crypto related warning provided by Revolut – setting out some of their key features – would've resonated with Ms J. Ultimately, I think she would've trusted D was acting in her best interests - particularly as she was being coached into believing that banks didn't want her taking out her money. So, I think Ms J would've continued to have followed D's instructions and continued to make the payments. It follows that I don't think Revolut could reasonably have prevented Ms J's loss.

On a final note, I've considered whether, on being alerted to the scam, Revolut could reasonably have done anything more to recover Ms J's loss, but I don't think they could. Revolut had no method of recovery for the crypto withdrawals. And as the fund transfer to SA was to purchase crypto via the peer-to-peer market, Revolut wouldn't have had any basis to request the return of those funds as the crypto had been provided.

I appreciate Ms J will be disappointed by this outcome. But it would only be fair for me to direct Revolut to refund her loss if I thought they were responsible – and I'm not persuaded that this was the case. For the above reasons, I think Revolut have acted fairly and so I'm not going to tell them to do anything further.

My final decision

My final decision is that I do not uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms J to accept or reject my decision before 20 August 2025.

Daniel O'Dell
Ombudsman