

The complaint

Mr S complains Revolut Ltd didn't do enough to protect him when he fell victim to a scam, which caused him to lose money.

What happened

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

In December 2024, Mr S was introduced to what he understood was an investment opportunity with an online marketplace ('E'). Mr S was advised that he needed to invest funds into E's merchants, and then on completion of a fixed number of tasks he would receive between 10 and 15% profit on his invested funds. Mr S was guided on how to purchase crypto from a legitimate crypto exchange ('B'), which he then transferred to E's platform.

Having initially made a few payments towards the investment, Mr S discovered that he could not complete the assigned tasks, or withdraw his profits, without making further payments. Mr S borrowed funds from friends to make additional payments to the investment. Having completed the requisite number of tasks, Mr S was then instructed he needed to pay taxes and fees to withdraw his profits. Mr S again borrowed money to make the payments as instructed.

Between 19 and 24 December 2024, Mr S successfully made the following nine card payments to B, totalling £9,648, from his Revolut account:

Transaction	Date	Amount
1	19 December 2024	£100
2	20 December 2024	£1,000
3	20 December 2024	£778
4	20 December 2024	£1,550
5	21 December 2024	£620
6	23 December 2024	£1,100
7	23 December 2024	£1,400
8	23 December 2024	£2,100
9	23 December 2024	£1,000

Mr S realised he'd been scammed when he was asked for further fees to withdraw his profits. Mr S contacted Revolut for help recovering his lost funds. Revolut refused to refund Mr S' losses as it said he had no valid chargeback rights as the payments were made to a legitimate merchant, B.

Unhappy with Revolut's response, Mr S referred a complaint to the Financial Ombudsman. Our Investigator partially upheld the complaint. She considered that Revolut should have intervened sooner than it did, and that when it did intervene its intervention didn't go far enough as it failed to follow up when Mr S' answers highlighted a significant scam risk. She

was satisfied that proportionate intervention from Revolut would most likely have prevented Mr S' loss. But she considered Mr S should be held jointly responsible for his loss as he had not taken any steps to protect himself from the scam. She recommended Revolut refund 50% of Mr S' loss from the fourth payment plus 8% interest.

Mr S confirmed he had nothing further to add. Revolut disagreed that it was responsible for Mr S' loss. In summary it said:

- The scam did not occur on Revolut's platform – Mr S' payments went to a legitimate crypto exchange into an account Mr S owned and controlled, before he transferred them to the scam platform.
- The Financial Ombudsman's reliance on an Administrative Court judgment is misconceived and amounts to a legal error.
- It is not out of character nor unexpected for an Electronic Money Institution (EMI) account such as the one held by Mr S to be used to purchase crypto. EMI accounts are not used in the same way as bank accounts.
- The role of other financial businesses (including any interventions or warnings they might have provided) needs to be considered.
- The Financial Ombudsman should inform the complainant that it might be appropriate to make a complaint against another respondent.

Revolut said it was therefore unreasonable to hold it responsible for Mr S' loss.

The case 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.

Having done so, I am partially upholding this complaint for largely the same reasons as our Investigator.

In this decision I've focussed on what I think is the heart of the matter here. As a consequence, if there's something I've not mentioned, it isn't because I've ignored it - I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I consider is the right outcome. Our rules allow me to do this, reflecting the informal nature of our service as a free alternative to the courts.

As such, the purpose of my decision isn't to address every single point raised. My role is to consider the evidence presented by the parties to this complaint, and reach what I think is an independent, fair and reasonable decision, based on what I find to be the facts of the case.

In broad terms, the starting position at law is that an 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 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;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- 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 S was at risk of financial harm from fraud?

It isn't in dispute that Mr S has fallen victim to a cruel scam here, nor that he authorised the card payments he made to his crypto wallet with B - from where that crypto was subsequently transferred to the scammer.

Whilst I have set out in detail in this decision the circumstances which led Mr S 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 S might be the victim of a scam.

I'm aware that crypto exchanges like B generally stipulate that the card used to purchase crypto at its exchange must be held in the name of the account holder, as must the account used to receive cash payments from the exchange. Revolut would likely have been aware of this fact too. So, it could have reasonably assumed that Mr S' payments would be credited to a wallet account held in his name.

By December 2024, when these transactions took place, firms like Revolut had been aware of the risk of multi-stage scams involving crypto for some time. Scams involving crypto have increased over time. The FCA and Action Fraud published warnings about crypto scams in mid-2018 and figures published by the latter show that losses suffered to crypto scams have continued to increase since. They reached record levels in 2022. During that time, crypto was typically allowed to be purchased through many high street banks with few restrictions.

By the end of 2022, however, many of the high street banks had taken steps to either limit their customer's ability to purchase crypto using their bank accounts or increase friction in relation to crypto related payments, owing to the elevated risk associated with such transactions. And by December 2024, when these payments took place, further restrictions were in place. This left a smaller number of payment service providers, including Revolut, that allowed customers to use their accounts to purchase crypto with few restrictions. These restrictions – and the reasons for them – would have been well known across the industry.

I recognise that, as a result of the actions of other payment service providers, many customers who wish to purchase crypto for legitimate purposes will be more likely to use the services of an EMI, such as Revolut. And I'm also mindful that a significant

majority of crypto purchases made using a Revolut account will be legitimate and not related to any kind of fraud (as Revolut has told our service). However, our service has also seen numerous examples of consumers being directed by fraudsters to use Revolut accounts in order to facilitate the movement of the victim's money from their high street bank account to a crypto provider, a fact that Revolut is aware of.

So, taking into account all of the above I am satisfied that by the end of 2022, prior to the payments Mr S made in December 2024, 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 crypto, notwithstanding that the payment would often be made to a crypto wallet in the consumer's own name.

To be clear, I'm not suggesting as Revolut argues that, as a general principle (under the Consumer Duty or otherwise), Revolut should have more concern about payments being made to a customer's own account than those which are being made to third party payees. As I've set out in some detail above, it is the specific risk associated with cryptocurrency in December 2024 that, in some circumstances, should have caused Revolut to consider transactions to crypto providers as carrying an increased risk of fraud and the associated harm.

In those circumstances, as a matter of what I consider to have been fair and reasonable, good practice and to comply with regulatory requirements (including the Consumer Duty), Revolut should have had appropriate systems for making checks and delivering warnings before it processed such payments. And as I have explained Revolut was also required by the terms of its contract to refuse or delay payments where regulatory requirements meant it needed to carry out further checks.

Taking all of the above into account, and in light of the increase in multi-stage fraud, particularly involving crypto, I don't think that the fact Mr S' payments were going to an account held in his own name should have led Revolut to believe there wasn't a risk of fraud.

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

I think Revolut should have identified that Mr S' first payment was going to a crypto provider but it was very low in value and in keeping with previous payments made from the account. So, I don't think Revolut should reasonably have suspected that it might be part of a scam.

Similarly, while payments two and three were for larger sums, and were again identifiably going to a crypto provider, I'm mindful that Mr S had not used his account frequently and so Revolut did not have a clear and detailed account history to compare these transactions to. So overall, taking into account that Revolut needs to take an appropriate line between protecting against fraud and not unduly hindering legitimate transactions, and also considering the value of these payments, I don't think Revolut ought to have been sufficiently concerned about these payment that it would be fair and reasonable to expect it to have provided warnings to Mr S at this point.

However, I find that Revolut ought to have been concerned by payment four. It was significantly larger in value than Mr S' previous payments and it was now the third payment to a crypto provider within 24 hours – the combined value of those payments (£3,328) significantly exceeded any previous account activity. Given what Revolut knew about the destination of the payment, I think that the circumstances should have led Revolut to consider that Mr S was at heightened risk of financial harm from fraud.

In line with good industry practice and regulatory requirements (in particular the Consumer Duty), I am satisfied that it is fair and reasonable to conclude that Revolut should have warned Mr S about the identified scam risk before this payment went ahead.

What did Revolut do to warn Mr S?

Revolut has evidenced that before processing Mr S' final payment on 23 December 2024, it declined an earlier attempted £1,000 card payment. Revolut informed Mr S, via a push notification in his Revolut app and an email, that his payment had been blocked because its system had identified a possible scam. Mr S was then asked a series of automated questions via his app about his payment.

In response to these questions Mr S revealed that his payment related to a crypto investment; he had been asked to install software; he had discovered the opportunity online or via social media ads; the money was going to a new account created for him by someone else and that he had never invested in crypto before. I think Revolut ought to have recognised that each of these answers were indicative that a scam may be taking place, as they were all red flags of common crypto investment scams.

Putting aside for a moment that I consider Revolut ought to have intervened sooner than it did, I accept that in the first instance it was proportionate to the initial risk identified for Revolut to use its automated system to gather more information about Mr S' intended payment purpose. But I consider at the point Mr S gave the answers I've outlined above, which strongly suggested he may be falling victim to a scam, Revolut needed to do more to ensure Mr S was not in fact falling victim to a scam before processing any further payments. It could not achieve this via onscreen warnings, which instead put the onus on Mr S to satisfy himself that it wasn't a scam, rather than Revolut as the expert advising him of the specific risks.

Overall, I can't agree that Revolut intervened soon enough, and when it did intervene, I don't think the intervention was proportionate to the risk identified.

Having thought carefully about the risk Mr S' payments presented, I think Revolut ought to have intervened and queried Mr S' payment purpose before processing the fourth payment. Had it done so, I think its most likely Mr S would have provided the same answers he did two days later. On learning that Mr S had been asked to download software and was transferring funds to an account set up by someone else, a proportionate response to that risk would be for Revolut to have attempted to establish the full circumstances surrounding this payment before allowing it to debit Mr S' account. I think it should have done this by, for example, directing Mr S to its in-app chat to discuss the payment further.

If Revolut had intervened in the way I have described, would that have prevented the losses Mr S suffered from the fourth payment?

I think that had Revolut intervened as I've described, it would have identified that Mr S' circumstances matched an increasingly common type of scam. It would then have been incumbent on the adviser to provide Mr S with a very clear, specific and impactful scam warning that explained why it was concerned about his answers and brought to life the scam risks.

I've read the instant message conversation between Mr S and the scammer. That conversation suggests that from at least 20 December 2024, Mr S had some concerns about the investment and questioned if it was a scam – he was concerned that he had encountered tasks that required him to make further deposits, which he could not afford, before he could withdraw any of his profits. As such, I don't think it would have taken much

to convince Mr S that he was falling victim to a scam prior to making that payment.

Overall, I think intervention as I have described, would have given the perspective Mr S needed, reinforcing his own developing concerns and he would more likely than not have concluded that the investment was not genuine. In those circumstances, I think he's most likely to have decided not to go ahead with the fourth payment, or any of the payments that followed it, had such a warning been given.

Is it fair and reasonable for Revolut to be held responsible for Mr S' loss?

In its response to our Investigator, 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 here.

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.

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

While I have considered all the facts of the case, including the role of other financial institutions involved, Mr S 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 S' compensation because he has only complained about one firm, as I consider that Revolut should have prevented the loss.

Should Mr S bear any responsibility for his losses?

In considering this point, I've taken into account what the law says about contributory negligence as well as what's fair and reasonable in the circumstances of this complaint. Having done so, I think Mr S should be held equally responsible for his losses, I will explain why.

When considering whether a consumer has contributed to their own loss, I must consider whether their actions showed a lack of care that goes beyond what we would expect from a reasonable person. I must also be satisfied that the lack of care directly contributed to the individual's losses.

I accept there were some aspects of the scam that were sophisticated and may have appeared on the face of it legitimate. For example, the scammers had created a website where Mr S could track his investment and complete his tasks. There were also several individuals involved in the scam, including a customer service department.

But I am also mindful there were various things that ought to have given Mr S serious cause for concern. The most crucial of which was the premise of the investment itself. It's unclear from Mr S' chat with the scammer if he really understood how the investment was supposed to work, or why he needed to complete tasks in order to make a return on his investment. Mr S also clearly had his own doubts about the legitimacy of what he was doing, and from as

early as 20 December 2024 asked the scammer if it was a scam. Unfortunately, it seems he only sought reassurance from the scammers about his concerns. Had Mr S sought some independent advice I think it's likely the scam could have come to light sooner than it did.

It is also important to highlight Revolut did warn Mr S that his payment may be linked to a scam. While I consider these warnings were not sufficiently tailored or impactful, given Mr S' own concerns and misgivings, I think he ought to have taken more care and sought independent advice before making payments, which in turn would have prevented his losses.

Overall, I think in these circumstances it is fair to hold both parties equally responsible for the loss. As such, I think it is fair and reasonable that Revolut can reduce the compensation that is due to Mr S by 50%.

Putting things right

I consider Revolut ought to have been able to prevent Mr S' losses from the fourth payment onwards. I consider it therefore contributed towards £7,770 of his loss. Revolut should therefore refund 50% of this amount.

As Mr S' loss came from borrowed funds, I do not consider it would be appropriate to require Revolut to apply interest to Mr S' loss, as he would not have had the use of the funds but for the scam.

My final decision

For the reasons set out above I uphold this complaint in part and direct Revolut Ltd to refund Mr S £3,885.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 21 August 2025.

Lisa De Noronha
Ombudsman