

The complaint

Mr S complains that Revolut Ltd won't refund money he lost when he was the victim of a crypto investment scam.

Mr S 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.

Mr S fell victim to a crypto investment scam after receiving an unsolicited WhatsApp message. As part of the scam, Mr S made various transactions using his Revolut account (I've also included unsuccessful payments that I consider relevant to this complaint in bold):

Transaction date	Type of transaction	Amount (currency)
23 October 2023	Exchange to USDT	1,500 (RON)
23 October 2023	Crypto withdrawal	310 (USDT)
24 October 2023	Exchange to USDT	£2,500.85
24 October 2023	Crypto withdrawal	500 (USDT)
24 October 2023	Exchange to GBP	2,496.63 (USDT)
24 October 2023	Fund transfer to Mr S	£2,020.69
24 October 2023	Fund transfer to Mr S	£2,020.69
25 October 2023	Credit from Mr S	£2,000
25 October 2023	Fund transfer to 'DV' (push to card)	£1,955
25 October 2023	Credit from Mr S	£60
25 October 2023	Fund transfer to 'DV' (push to card)	£43.81
28 October 2023	Credit from Mr S	£550
28 October 2023	Exchange to USDT	£550
28 October 2023	Fund transfer to 'RN'	£550
28 October 2023	Crypto withdrawal	290 (USDT)

28 October 2023	Crypto withdrawal	200 (USDT)
28 October 2023	Crypto withdrawal	100 (USDT)
8 November 2023	Crypto withdrawal	41.48 (USDT)

Mr S realised he'd been scammed when he wasn't able to withdraw his funds – despite his account balance on the trading platform showing about 50,000 USDT.

C complained, on Mr S's behalf, to Revolut on 24 May 2024. They said Revolut didn't do enough to protect Mr S 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 Mr S's loss avoided. To settle the complaint, they said Revolut should fully refund Mr S, pay 8% interest and £300 compensation.

Revolut didn't uphold the complaint and so, it was referred to the Financial Ombudsman. Our Investigator didn't think Revolut was responsible for Mr S's loss – as it had intervened on occasions before processing payments and provided him with warnings. And she wasn't convinced that, even if Revolut had asked further questions about the payments, Mr S would've disclosed the truth.

C disagreed with our Investigator. They considered that, after Revolut had declined an attempted £2,020.69 payment on 24 October 2023 (prior to the successful transaction listed above), they shouldn't have allowed further payments to be made without questioning Mr S about them.

The matter was passed to me to decide. I wrote to both parties and explained my thoughts on Mr S's complaint. I said:

“Revolut has shown they did carry out additional checks on a £2,020.69 payment Mr S attempted on 24 October 2023. I wouldn't have expected Revolut to have intervened on the earlier transactions. But I've considered whether Revolut did enough as part of these checks.

Revolut has shown that Mr S was asked various questions, which led to him confirming:

- *He was transferring funds to his own account – a 'Checking or savings account in another bank'*
- *He had been asked to install special software*
- *Someone had told him his account wasn't safe*
- *The funds were going to an existing account*

Considering this response, I think it was reasonable for Revolut to have reason to suspect Mr S was at a heightened risk of financial harm from fraud. So, it was appropriate to direct him to the in-app chat to discuss the payment further, as it did. Upon not receiving any response from Mr S, I think it was reasonable for the payment to be declined. So, I think Revolut acted fairly and took appropriate steps to protect Mr S in respect of this transaction.

Mr S however then attempted the same payment five minutes later. This payment was processed with, as I understand, only a 'transfer review warning' provided.

Considering Revolut had concerns about the prior transaction, and given Mr S hadn't engaged with Revolut in the in-app chat function, I don't think this was a proportionate response to the risk the payment presented at that time. I think it would've been reasonable for Revolut to have directed Mr S to the in-app chat function again to better understand the surrounding circumstances of the payment before processing it.

I've thought about what would've likely happened if Revolut had done this – and I think the scam would've been uncovered. When considering this, I've taken into account that Mr S seemingly gave inaccurate information as part of Revolut's prior questioning (in relation to the declined £2,020.69 payment) – as his answers indicated a potential safe account scam risk. It's unclear why Mr S answered the questions the way he did as, looking at his conversation with the scammer, there are no signs that he was being coached – or agreed – to mislead Revolut (or his other banking providers) if questioned. Nor have I seen, as part of the other complaints Mr S raised against his other banking providers, that he misled them either. But rather, for example, he told W [his other banking provider] on many of the transactions he was making that they were for investment purposes. And he responded similarly to Revolut in respect of the additional checks carried out on the £550 transaction on 28 October 2023 (which was declined by the receiving bank) by selecting 'as part of an investment' as the purpose. He then, seemingly, answered the subsequent questioning from Revolut honestly as he confirmed:

- He hadn't been asked to install any software (I should note that the scam chat doesn't indicate any software being installed)*
- It was a friend or family member that had informed him of the opportunity (Mr S arguably would've considered the scammer a friend)*
- He hadn't carried out any research*
- He hadn't accessed the account before*

Again, Revolut directed Mr S to their in-app chat to discuss it further. But while there were warnings provided to Mr S, these were quite generic. And here, I think Revolut missed an opportunity to probe Mr S further about the underlying purpose of the payment he was making – such as who was recommending the investment and how long he'd known them, and details about the investment firm itself.

Given I haven't seen any evidence of Mr S being guided by the scammer to mislead Revolut, I think appropriate questioning and probing would've led to Mr S explaining that he was making the payments as part of an investment opportunity that arose from someone contacting him on WhatsApp. And that he was purchasing crypto and forwarding it on to another trading platform. Revolut ought to have identified these red flags and warned Mr S that he was very likely falling victim to a scam – and advised him not to proceed.

I've not seen anything to suggest Mr S wouldn't have been receptive to such advice. So, I think he would've taken such a warning from Revolut seriously. Because of this, I think Revolut could've prevented the loss Mr S suffered from this point onwards.

Although Mr S transferred £2,020.69 out of his account, this went to another account in his own name. He then transferred these funds back into his Revolut account the next day – with credits of £2,000 and £60 received that was used to fund the two payments to DV totalling £1,998.81. And an additional £550 was deposited into Mr S's Revolut account in which he exchanged to USDT to fund four subsequent crypto withdrawals. So, the loss suffered from his Revolut account totals £2,548.81 (£1,998.81+£550).

While I think Revolut could've prevented this loss, I think Mr S should take some responsibility too – particularly given that he decided to invest after only a few weeks of receiving unsolicited contract from an unknown person. And so, I think it would be fair for a 50% reduction to be applied here.

It follows that I think Revolut should refund 50% of his loss – £1,274.41. And that 8% simple interest should be paid from the date of each transaction to the date of settlement.”

C confirmed Mr S's acceptance.

Revolut said, while they're not refusing the proposed outcome, they require a final decision to be issued on Mr S's complaint.

Given both parties have had an opportunity to respond, and as an agreement can't be reached, I can proceed to make a final decision on this matter.

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, and in the absence of any further points for my consideration, I see no reason to depart from the above.

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 them 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 their 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 their products, including the contractual terms, enabled them 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?

Here, Revolut did have concerns Mr S was at risk of financial harm from fraud when he attempted to make the £2,020.69 payment 24 October 2023 – which was to an account he holds with another account provider. This is evidenced by the additional checks Revolut carried out, including the automated questions and directing Mr S to their in-app chat to discuss the payment further. And when Revolut didn't receive a response from Mr S, I consider it was reasonable for the payment to be declined.

As I've said however, given the concerns Revolut had in relation to the prior attempted payment, along with Mr S's non-response to further questioning via the in-app chat function, I think Revolut ought to have had considered Mr S was at a heightened risk of financial harm from fraud when he attempted the same payment five minutes later.

What did Revolut do to warn Mr S?

Revolut has shown that, prior to the successful £2,020.69 payment, Mr S had received various warnings that included:

- ***“Do you know and trust this payee?***
If you're unsure, don't pay them, as we may not be able to help you get your money back
Remember, fraudsters can impersonate others, and we'll never ask you to make a payment”
- ***Do you know and trust [name]?***
If unsure, refrain from sending your crypto as we cannot help recover it. Beware of impersonators, and we never request crypto transfers.”

Mr S was also informed that fraudsters may ask him to hide the real reason for a payment, to install software to view his screen and to set up his investment account or that they tell their victims their account is no longer safe.

These warnings were quite generic and not particularly relevant to Mr S's situation. As explained above, I think the £2,020.69 payment (that was processed) presented a heightened risk of fraud and so, I think Revolut needed to do more before processing it.

What kind of warning should Revolut have provided?

A proportionate response to the risk the £2,020.69 payment presented would've been for Revolut to have attempted to establish the circumstances surrounding the payment before allowing it to debit Mr S's account. I think they should have done this by directing Mr S back to their in-app chat to discuss the payment further.

If Revolut had taken the action described, would that have prevented the loss Mr S suffered?

Having given this careful thought, I think Revolut would've most likely prevented Mr S's loss. I'll explain why.

Although Mr S seemingly gave inaccurate information as part of Revolut's questioning for the declined £2,020.69 payment, I haven't seen anything to show he was being coached – or agreed – to mislead Revolut (or his other banking providers) if questioned. And from his interactions with W, and the subsequent £550 declined payment from his Revolut account, it seems Mr S answered further questioning about the payments he was making honestly.

I therefore consider it most likely that, had Revolut questioned Mr S about the surrounding circumstances of the payment(s) he was making, Mr S would've explained it was for an

investment opportunity that arose from someone contacting him on WhatsApp. And that he was purchasing crypto and forwarding it on to another trading platform. As I've said, I consider Revolut ought to have identified these red flags and warned Mr S that he was very likely falling victim to a scam – and advised him not to proceed.

Having given further thought as to whether Mr S would've been receptive to such advice, I think he most likely would have. I've no reason to consider Mr S wouldn't have taken a warning that he was likely making the payment as part of a scam seriously. It follows that I think Mr S would've heeded Revolut's advice and not made the payment (or those that followed).

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

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 Mr S was at risk of financial harm from fraud, made further enquiries about the £2,020.69 payment and ultimately prevented Mr S's loss from that point. I think Revolut can fairly be held responsible for Mr S'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 chose 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's compensation because he's only complained about one firm, as I consider that Revolut should have prevented the loss.

For the reasons I've explained, I consider Revolut ought to have carried out additional checks (beyond what they did) at the time of the £2,020.69 payment. And if they had, they would've become aware Mr S was likely falling victim to an investment scam and given him an appropriate warning. If they'd done so, I consider Mr S's loss would've been prevented.

Should Mr S bear any responsibility for his loss?

I've thought about whether Mr S should bear any responsibility for his loss. In doing so, I've considered what the law says about contributory negligence, as well as what I consider to be fair and reasonable in all the circumstances of this complaint including taking into account Mr S's own actions and responsibility for the loss he has suffered.

When considering whether a consumer has contributed to their own loss, I must consider whether the consumer's 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.

Here, I consider that there were sophisticated aspects to this scam. But I must also take into consideration that Mr S decided to invest after only a few weeks of having received unsolicited contact from an unknown person. And that Mr S seemingly decided to invest despite having not received any form of contract or investment agreement. I don't think this was reasonable in the circumstances. I consider it would've been appropriate for Mr S to have taken greater caution before proceeding to make the payments. This could've included, for example, seeking advice from an independent financial adviser or carrying out further research into investing in crypto. If Mr S had done so, then I consider he would've most likely uncovered he was being scammed – as he would've become aware of the common features of crypto investment scams in his situation. In turn, he could've prevented his losses.

I've concluded, on balance, that it would be fair to reduce the amount Revolut pays Mr S because of his role in what happened from the point of the £2,020.69 payment onwards. Weighing the fault that I've found on both sides, I think a fair deduction is 50%.

As per the above however, although Mr S transferred £2,020.69 out of his account, this went to another account in his own name. He then transferred these funds back into his Revolut account the next day – with credits of £2,000 and £60 received that was used to fund the two payments to DV totalling £1,998.81. And an additional £550 was deposited into Mr S's Revolut account which he exchanged to USDT to fund four subsequent crypto withdrawals. So, the loss suffered from his Revolut account totals £2,548.81 (£1,998.81+£550).

Could Revolut have done anything to recover Mr S's money?

I don't think Revolut could've done anything to recover Mr S's loss here. The payments to DV were push to card transactions, and so there was no clear mechanism for a successful recall to take place. Nor was there a method of recovery for the crypto withdrawals.

Putting things right

I think it is fair that Revolut refund 50% of Ms S's loss as I've set out above – totalling £1,274.41. Revolut should also add 8% simple interest to the payments to compensate Mr S for his loss of the use of money.

My final decision

My final decision is that I uphold this complaint in part. I direct Revolut Ltd to pay Mr S:

- £1,274.41.
- 8% simple interest, per year, from the date of each payment to the date of settlement less any tax lawfully deductible.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 15 October 2025.

Daniel O'Dell
Ombudsman