

The complaint

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

What happened

In July 2023, Mr Z saw a friend's post on social media about successfully investing in cryptocurrency. Mr Z, via this post, was introduced to a cryptocurrency investment platform, which turned out to be a scam. Mr Z opened, and sent funds from, a Revolut account, mainly through exchanging his funds into cryptocurrency within Revolut and sending them on to the scammer from there.

Mr Z realised he'd been the victim of a scam when he couldn't withdraw any funds. He also had a message from a friend about the same investment, after the scammers also hacked his social media and posted the same message he'd originally seen. He complained to Revolut that he'd been a scam victim, said it should've done more to protect him and asked for his funds to be reimbursed.

Revolut didn't uphold Mr Z's claim or subsequent complaint. It said he'd authorised the transactions and it had met its requirements.

Mr Z came to our Service but our Investigator didn't uphold his complaint. They thought Revolut needed to have provided a more tailored warning to Mr Z than it did, but that this wouldn't have prevented his loss. Mr Z disagreed and 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 (including exchanges) 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;
- 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 Z made in this case are not a regulated activity, the process of sending them involved earlier steps, such as Revolut accepting funds into Mr Z'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 Z'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 exchanges Mr Z made on 23 July 2023. They were for relatively low values, spaced out and in line with the account opening purpose declared. I do however think Revolut ought to have recognised that Mr Z was at heightened risk of financial harm from fraud when he made fourth transaction on the 24 July 2023. He'd exchanged nearly £5,000 that day, and over the two days this was a high volume of funds being exchanged to cryptocurrency and then sent on. But I don't think any proportionate intervention by Revolut would have prevented his loss. I'll explain why.

I would've expected Revolut to provide Mr Z with a warning tailored to the common features of cryptocurrency investment scams. But the situation he was in means that a number of the things I'd expect to have been highlighted wouldn't have applied to him. And I'm not persuaded that he'd have felt concerned enough about those that did to stop investing. For example Mr Z initiated contact with the scammer, they didn't contact him. And Mr Z did this because he was convinced a friend had successfully invested and was making money, meaning he believed he knew someone personally who verified this was a genuine opportunity.

Mr Z isn't able to provide his conversations with the scammer from when he made the payments, but he has explained that he had conversations on social media initially. And we know this is where he saw his friend's post and was introduced to the scammer. Mr Z has also explained the financial pressure he was under, which is what incentivised him to invest in the first place. So I'm not persuaded that a warning which likely included information that didn't relate to him (such as celebrity endorsements; the use of screen-sharing software; out of the blue contact; FCA warnings) would've deterred him. I don't believe Mr Z would've thought his situation was the kind of scam he was being warned against.

Revolut was only required to take proportionate steps to try and protect Mr Z from financial harm. I'm not persuaded that a proportionate intervention would've concerned Mr Z so that he'd have stopped investing, as he trusted his friend who he thought was recommending this opportunity, and he wouldn't have seen concerning information online at the time if he'd researched the scam merchant. So I'm not persuaded that the scam would've been uncovered by any proportionate intervention by Revolut.

Whilst Mr Z 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 Z's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Z to accept or reject my decision before 12 June 2025.

Amy Osborne
Ombudsman