

The complaint

Mr B complains that Revolut Ltd has declined to reimburse payments he made as part of a scam.

What happened

The facts are well-known to both parties and aren't in dispute, so I'll summarise them briefly. Mr B was contacted by a scammer who persuaded him that they helped people recover their money and had located cryptocurrency belonging to him. Mr B says he and his wife thought this related to some cryptocurrency they had lost a few months earlier.

The scammer persuaded Mr B to open an account with Revolut, and in August / September 2023, he made payments to third party accounts and exchanged funds into cryptocurrency before withdrawing that to wallets in the scammers control. Mr B was given multiple reasons for needing to send more money, including needing to verify accounts with a cryptocurrency platform and being tricked into thinking he'd made mistakes that needed rectifying.

Revolut declined to reimburse the payments on the basis that they were authorised, it thought proportionate warnings were given, and it had done what it could to recover the funds.

When Mr B referred the complaint to our service, their professional representative said Revolut ought to have been aware of the hallmarks of a scam; it should have identified Mr B was at a risk of being the victim of a scam and intervened. Had it done so, Mr B would have answered questions honestly and the scam would have unravelled.

Revolut made several points including that this was a new account, and the stated opening purpose didn't conflict with the account activity. But that it had asked Mr B questions and provided tailored warnings. It said it acted quickly once Mr B explained he had been scammed and attempted to recover the payments. Cryptocurrency withdrawals are non-reversible.

The investigator didn't uphold the complaint; in summary they said Revolut had provided a proportionate level of intervention in relation to the transfers, and that they weren't persuaded further intervention would have prevented Mr B's loss in the circumstances. They thought Revolut had taken appropriate steps to attempt recovery of Mr B's faster payments.

Mr B didn't agree – in summary their representative said:

- Revolut ought to have been concerned by the initial attempted payments to a known cryptocurrency provider, and the increase in spend. There was an elevated risk of fraud associated with cryptocurrency purchases.
- Generic warnings were not sufficient in the circumstances. Revolut ought to have identified an increased risk due to Mr B's age and submit that elderly people are more susceptible to social engineering scams.
- Mr B would have heeded a tailored warning which set out the hallmarks of the scam they were falling victim to.

As an agreement couldn't be reached, the matter has been passed to me for a decision by an ombudsman.

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've reached the same conclusion as the investigator for similar reasons, and so I'm not upholding this complaint.

I note Revolut initially raised concerns about our service's jurisdiction to consider the payments where Mr B exchanged his funds into cryptocurrency before withdrawing it. The investigator addressed this in their view and neither Revolut or Mr B's representative disagreed and so I have taken this as their acceptance. For the avoidance of doubt, under our rules, I can make a finding on whether Revolut ought to have done more to identify and prevent the scam Mr B fell victim to in relation to deposits into the account, the subsequent payments, and exchanges, but not the cryptocurrency withdrawals.

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 August / September 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;
- 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 – (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 multistage 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.

I'm satisfied that Revolut ought to have recognised that Mr B was at a heightened risk of financial harm from fraud during the course of the activity on his account. This is because there were multiple higher value foreign currency payments to new third-party payees and cryptocurrency exchanges. So, while it was a new account, the activity itself was consistent with known fraud patterns and heightened fraud risks.

However, Revolut did intervene on multiple occasions and provided better automated warnings based on the answers Mr B gave it in relation to the questions presented. Mr B

inaccurately told Revolut that he wasn't being assisted in answering the questions, that the foreign currency payments were related to "*Rent, accommodation, or holidays*" and that he had checked online reviews. So, while I recognise the warnings Revolut went on to provide weren't relevant to the scam Mr B had fallen victim to, I don't think this was Revolut's fault.

Revolut would have had more information in relation to the cryptocurrency exchanges, but it would still need to have based any warnings on the information provided by Mr B. So, while it didn't take the same steps for the cryptocurrency exchanges as it did for the transfers, I'm not persuaded that if it had, Revolut would have been able to identify the scam Mr B was falling victim to or been able to provide a relevant warning about recovery scams.

This is because by August / September 2023, scams involving cryptocurrency had become increasingly diverse and so Revolut would have needed to narrow down the risk further. Mr B was being coached on how to answer Revolut's questions and had misled it when asked questions in relation to the other payments. So, I think it's more likely than not that Mr B would have continued to provide misleading answers, designed by the scammer, to avoid Revolut identifying the relevant scam. I therefore don't think further intervention would have prevented Mr B's loss. I note that the scammer was very sophisticated and unfortunately able to manipulate Mr B even after he had scam concerns.

I'm sorry that Mr B has been the victim of a cruel scam and do appreciate why he did what he did. But for the reasons I've explained, I'm not persuaded that Revolut could reasonably have prevented Mr B's loss.

As Revolut's attempts to recover Mr B's non-cryptocurrency payments were unsuccessful, I don't think it would be fair to require Revolut to reimburse Mr B any funds.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 28 April 2025.

Stephanie Mitchell
Ombudsman