

The complaint

Mr S complains Revolut Ltd won't refund the money he lost to a scam.

What happened

In early 2023, Mr S came across an advert featuring a media personality promoting a cryptocurrency investment opportunity. He clicked a link on it to follow up and give his contact details, following which he was contacted by someone claiming to represent an investment company – "L". Unfortunately, this was a scam.

L directed Mr S to open an account with Revolut. He says L also guided him on setting up cryptocurrency wallet(s) using remote access. I can see he received a credit into his Revolut account from "B", a cryptocurrency exchange, in early February 2023. I can also see the scammers sent him what appears to be a link to a cryptocurrency wallet address.

In March 2023, Mr S says he agreed to invest £4,500 with L (payment 1 in the table below). L encouraged him to invest more, but he instead asked to make a withdrawal from the trading platform. L told him he would need to pay various fees etc. to access his funds. He sent several more payments from late April to early May 2023 (payments 2-6).

Payment number	Date and time	Payment type	Recipient	Amount
1	20 March 2023, 16:51	Transfer	'A'	£4,500
2	26 April 2023, 18:01	Transfer	A	£1
3	27 April 2023, 08:28	Transfer	A	£10,000
4	28 April 2023, 15:33	Transfer	A	£14,052.58
5	28 April 2023, 16:28	Transfer	A	£10,000
6	1 May 2023, 18:58	Transfer	'C'	£25,000

The payments appear to have been sent to two individuals – 'A' and 'C'. However, given what we have been told about the use of cryptocurrency wallets, it appears these may have been "peer-to-peer" (P2P) cryptocurrency sales. If so, the sellers would have credited Mr S's wallet(s) with cryptocurrency in exchange for the funds he transferred. The cryptocurrency would then have been sent on from Mr S's wallet(s) to the scam.

Mr S funded his Revolut account from his main bank account. That bank didn't have any contact with him about the payments he sent from their account to Revolut.

When L kept pressuring Mr S for more payments without releasing any funds, he realised he had been scammed. He complained to Revolut (via a professional representative), arguing it should refund him due to failing to prevent the scam when he made the payments. When Revolut didn't agree, he referred the matter on to us.

Revolut told us it couldn't recover the funds Mr S had sent. And each time he had sent funds to a new beneficiary, it had "temporarily withheld" the payments and shown Mr S a general scam warning. Yet he had decided to proceed. It pointed out it didn't know the transfers were linked to cryptocurrency or an investment.

Our investigator looked into the complaint and decided to uphold it. He thought Revolut should have made further enquiries when Mr S made payment 4 – and that this would likely have revealed the scam. He recommended Revolut should refund 50% of Mr S's loss from that point – as he thought responsibility should be shared between Revolut and Mr S.

Mr S's representative said he should also be awarded 50% of payment 3. It said that payment also looked suspicious, so should have prompted further enquiries which would have uncovered the scam.

Revolut also disagreed. In summary, it said:

- It has no legal duty to prevent fraud and it must comply strictly and promptly with valid payment instructions. As confirmed in the Supreme Court judgement in the case of *Philipp v Barclays Bank UK plc* [2023] UKSC 25, it does not need to concern itself with the wisdom of those instructions.
- There are no legal obligations, regulatory obligations, industry guidance, standards or codes of practice that apply to Revolut that oblige it to refund victims of authorised push payment ("APP") fraud. By suggesting it does need to reimburse customers, it says our service is erring in law.
- It doesn't think the loss took place from Mr S's Revolut account, but from his cryptocurrency wallet(s) – as it thinks the transfers were P2P cryptocurrency sales, meaning the funds would have been loaded to Mr S's wallets before being sent on to the scam. It is unfair and irrational to hold it liable for the loss when it only acted as an intermediary.
- No reimbursement code/rules apply to these payments. In any event, self-to-self transactions are excluded even when those rules would otherwise apply.
- The rules also allow firms to decline claims in some circumstances where a consumer has been grossly negligent. It suggests Mr S was grossly negligent in ignoring its warnings.

In February 2025 I issued my provisional decision. I largely agreed with the investigator's conclusions – but I agreed with Mr S's representative that Revolut should have made further enquires about payment 3, and that this would have revealed the scam. Overall, I proposed that Revolut should refund 50% of the transactions from (and including) payment 3.

I invited both parties to provide any further comments or evidence. Mr S's representative has responded to confirm he accepts my provisional findings. Revolut has responded to confirm it has nothing further to add.

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.

As I haven't received anything further in response to my provisional findings, I see no reason to depart from them. I've therefore decided to uphold this complaint, and to make the award proposed in my provisional decision, for the following reasons.

In deciding what's fair and reasonable, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

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.

And, as the Supreme Court has recently reiterated in *Philipp v Barclays Bank UK PLC*, subject to some limited exceptions banks have a contractual duty to make payments in compliance with the customer’s instructions.

In that case, the Supreme Court considered the nature and extent of the contractual duties owed by banks to their customers when making payments. Among other things, it said, in summary:

- The starting position is that it is an implied term of any current account contract that, where a customer has authorised and instructed a bank to make a payment, it must carry out the instruction promptly. It is not for the bank to concern itself with the wisdom or risk of its customer’s payment decisions.
- At paragraph 114 of the judgment the court noted that express terms of the current account contract may modify or alter that position. In *Philipp*, the contract permitted Barclays not to follow its consumer’s instructions where it reasonably believed the payment instruction was the result of APP fraud; but the court said having the right to decline to carry out an instruction was not the same as being under a legal duty to do so.

In this case, the terms of Revolut’s contract with Mr S modified the starting position described in *Philipp*, by expressly requiring Revolut to refuse or delay a payment *“if legal or regulatory requirements prevent us from making the payment or mean that we need to carry out further checks”*.

So Revolut was required by the implied terms of its contract with Mr S and the Payment Services Regulations to carry out their instructions promptly, except in the circumstances set out in its contract, which included where regulatory requirements meant it needed to carry out further checks.

Whether or not Revolut was required to refuse or delay a payment for one of the reasons set out in its contract, the basic implied requirement to carry out an instruction promptly did not in any event mean Revolut was required to carry out the payments immediately¹. Revolut could comply with the requirement to carry out payments promptly while still giving fraud warnings, or making further enquiries, prior to making the payment.

And, I am satisfied that, taking into account longstanding regulatory expectations and requirements and what I consider to have been good industry practice at the time, Revolut should by March 2023 fairly and reasonably have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances (irrespective of whether it was also required by the express terms of its contract to do so).

¹ The Payment Services Regulation 2017 Reg. 86 states that “the payer’s payment service provider must ensure that the amount of the payment transaction is credited to the payee’s payment service provider’s account **by the end of the business day following the time of receipt of the payment order**” (emphasis added).

In reaching the view that Revolut should have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances, I am mindful that in practice all banks and EMIs like Revolut do in fact seek to take those steps, often by:

- using algorithms to identify transactions presenting an increased risk of fraud;²
- requiring consumers to provide additional information about the purpose of transactions during the payment authorisation process;
- using the confirmation of payee system for authorised push payments;
- providing increasingly tailored and specific automated warnings, or in some circumstances human intervention, when an increased risk of fraud is identified.

In reaching my conclusions about what Revolut ought fairly and reasonably to have done, I am also mindful that:

- Electronic Money Institutions like Revolut are required to conduct their business with “due skill, care and diligence” (FCA Principle for Businesses 2), “integrity” (FCA Principle for Businesses 1) and a firm “must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems” (FCA Principle for Businesses 3)³.
- Over the years, the FCA, and its predecessor the FSA, have published a series of publications setting out non-exhaustive examples of good and poor practice found when reviewing measures taken by firms to counter financial crime, including various iterations of the *“Financial crime: a guide for firms”*.
- Regulated firms are required to comply with legal and regulatory anti-money laundering and countering the financing of terrorism requirements. Those requirements include maintaining proportionate and risk-sensitive policies and procedures to identify, assess and manage money laundering risk – for example through customer due-diligence measures and the ongoing monitoring of the business relationship (including through the scrutiny of transactions undertaken throughout the course of the relationship). I do not suggest that Revolut ought to have had concerns about money laundering or financing terrorism here, but I nevertheless consider these requirements to be relevant to the consideration of Revolut’s obligation to monitor its customer’s accounts and scrutinise transactions.
- The October 2017, BSI Code⁴, which a number of banks and trade associations were involved in the development of, recommended firms look to identify and help prevent transactions – particularly unusual or out of character transactions – that could involve fraud or be the result of a scam. Not all firms signed the BSI Code (and Revolut was not a signatory), but the standards and expectations it referred to represented a fair articulation of what was, in my opinion, already good industry practice in October 2017 particularly around fraud prevention, and it remains a starting point for what I consider to be the minimum standards of good industry practice now (regardless of the fact the BSI was withdrawn in 2022).

² For example, Revolut’s website explains it launched an automated anti-fraud system in August 2018:

https://www.revolut.com/news/revolut_unveils_new_fleet_of_machine_learning_technology_that_has_seen_a_fourfold_reduction_in_card_fraud_and_had_offers_from_banks/

³ Since 31 July 2023 under the FCA’s new Consumer Duty package of measures, banks and other regulated firms must act to deliver good outcomes for customers (Principle 12), but the circumstances of this complaint pre-date the Consumer Duty and so it does not apply.

⁴ BSI: PAS 17271: 2017” Protecting customers from financial harm as result of fraud or financial abuse”

- Revolut should also have been aware of the increase in multi-stage fraud, particularly involving cryptocurrency when considering the scams that its customers might become victim to. Multi-stage fraud involves money passing through more than one account under the consumer's control before being sent to a fraudster. Our service has seen a significant increase in this type of fraud over the past few years – particularly where the immediate destination of funds is a cryptocurrency wallet held in the consumer's own name. And, increasingly, we have seen the use of an EMI (like Revolut) as an intermediate step between a high street bank account and cryptocurrency wallet.

Overall, 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 by March 2023 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;
- 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); and
- 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.

Should Revolut have recognised that Mr S was at risk of financial harm from fraud?

It isn't in dispute that Mr S has lost these funds to a cruel scam, nor that he authorised these payments. I'm also mindful Revolut had much less information at the time about what led Mr S to make these payments from his Revolut account, and how they were sent on, to discern whether any payments presented an increased risk that he might be the victim of a scam.

I'm also conscious this account was newly opened in February 2023 for the purpose of sending funds on to the scam. That meant Revolut didn't have much insight into what account activity was 'typical' for Mr S. In that context, I don't think Revolut had cause to intervene when Mr S made the first scam payment in March 2023 – nor when he then sent payment two (for £1) to that same recipient in April 2023.

However, I think Revolut should have identified payment 3 as carrying a heightened risk of financial harm, and so should have carried out additional steps before allowing it to debit Mr S's account.

I appreciate the payment was being sent to a payee Mr S had paid before. However, a pattern of concerning payments was starting to emerge. The payment was over twice as large as the first payment sent, and was sent the day after a further payment (admittedly for a much smaller amount) had been sent. It also cleared over 99% of the account balance. The fact it was being sent to an international account was also arguably a factor increasing the risk associated with the payment.

What did Revolut do to warn Mr S and what should it have done?

Revolut didn't intervene on payment 3. However, I understand it did provide the following warning when Mr S made payments 1 and 6:

"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 that fraudsters can impersonate others, and we will never ask you to make a payment"

The warning didn't require any substantial engagement to proceed. In my view, it lacked sufficient context to have been impactful in the circumstances of this case. There was very little information relevant to the scam Mr S fell victim to.

I do appreciate the way the payment was sent didn't immediately make it obvious that it was linked to cryptocurrency/an investment. But I'm also conscious that, in response to a large payment which I consider presented a heightened fraud risk, Revolut took no steps to find out what the payment was for.

Overall, I don't think these warnings were a proportionate response to the risks presented by the payments Mr S made. When Mr S made payment 3, I think Revolut should have attempted to establish the circumstances surrounding the payment before allowing it to debit Mr S'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 attempted to establish the circumstances surrounding payment 3, would the scam have come to light – preventing Mr S's losses from that point?

If Mr S had told Revolut he was making the payment to withdraw from an investment linked to cryptocurrency, I think it would have recognised he was falling victim to a scam. It could have provided a very clear warning about this – such as explaining he shouldn't need to pay such large fees, via a payment to a personal account, to withdraw from a legitimate investment.

It could also have covered off the wider features (and increasing prevalence) of cryptocurrency investment scams. While it could not have covered off all possible iterations of these scams without losing impact, it could have covered off some of the most common key features. Such as how they often start with a social media advert promoted by a public figure; the use of an 'account manager', 'broker' or 'trader' acting on their behalf; the use of remote access software; and how fake software is used to make it appear that the initial investment has quickly and significantly increased in value.

I think a warning of this nature would have struck Mr S as relevant to what he was doing and persuaded him L were operating a scam. I therefore think it's likely he wouldn't have proceeded to make payment 3 (or the subsequent payments).

I am aware that perpetrators of these types of scams sometimes instruct consumers not to divulge what the payment is for. For example, they might claim that firms "don't like" payments being sent to cryptocurrency. But ultimately, as Revolut didn't question the payments Mr S made, it can provide no compelling evidence that he would have misled it about the purpose of the payments or the surrounding circumstances.

Having reviewed the correspondence records Mr S has provided between him and the scammers, and having considered what he's told us about the scam, there isn't anything to suggest he was given a "cover story" to tell Revolut if questioned about the payments. Overall, I'm therefore persuaded it's more likely his response to questioning from Revolut would have made the scam risk clear.

I'd also point out that, even if Mr S was told to give a cover story, I would still need to be persuaded he would have heeded this advice – and that any cover story he gave would have stood up to appropriate questioning by Revolut – to conclude this intervention wouldn't have succeeded.

In the circumstances, I'm therefore persuaded it's more likely than not that proportionate questioning about payment 3 would have prevented Mr S's scam losses from this point.

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

In reaching my decision about what is fair and reasonable, I have taken into account that Mr S paid money from his main bank account to fund the scam payments. I have also taken into account that it appears plausible – and in my view, likely, for reasons I'll come on to below – that the payments from Revolut were used to purchase cryptocurrency which credited a wallet held in his name before being sent on to the scam. And that further steps were taken to move the funds on and into the sole control of the scammers.

But as I've set out above, I think that Revolut still should have recognised that Mr S might have been at risk of financial harm from fraud when he made payment 3, and in those circumstances Revolut should have made further enquiries about the payment before processing it. If it had done that, I am satisfied it would have prevented the losses Mr S suffered from that point. The fact that the money used to fund the scam came from elsewhere, and/or wasn't lost at the point it was transferred, does not alter that fact and I think Revolut can fairly be held responsible for Mr S's loss in such circumstances. I don't think there is any point of law or principle that says that a complaint should only be considered against either the firm that is the origin of the funds or the point of loss.

I've also considered that Mr S has only complained against Revolut. I accept that it's *possible* that other firms might also have missed the opportunity to intervene or failed to act fairly and reasonably in some other way, and Mr S could instead, or in addition, have sought to complain against those firms. But Mr S has not chosen to do that and ultimately, I cannot compel him to. In those circumstances, I can only make an award against Revolut.

I'm also not persuaded it would be fair to reduce Mr S's compensation in circumstances where: the consumer has only complained about one respondent from which they are entitled to recover their losses in full; has not complained against the other firm (and so is unlikely to recover any amounts apportioned to that firm); and where it is appropriate to hold a business such as Revolut responsible (that could have prevented the loss and is responsible for failing to do so). That isn't, to my mind, wrong in law or irrational but reflects the facts of the case and my view of the fair and reasonable position.

I do not seek to treat Revolut as if it were a signatory to a reimbursement code. I've explained in some detail the basis on which I think, fairly and reasonably, Revolut ought to have taken further steps when Mr S sent payment 3 – and why, on balance, I'm persuaded that would have prevented his loss from that point.

Ultimately, I must consider the complaint that has been referred to me (not those which haven't been or couldn't be referred to me) and for the reasons I have set out above, I am satisfied that it would be fair to hold Revolut responsible for Mr S's loss from payment 3 (subject to a deduction for his own contribution which I will consider below).

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.

I recognise there were relatively sophisticated aspects to this scam, such as the provision of a fake website/trading platform. I also appreciate why Mr S found it reassuring that L appeared to be endorsed by public media personalities. However, I also think there were some aspects of this scam which meant, by the time of payment 3, Mr S ought to have had concerns about L's legitimacy.

Mr S has told us he started by making an investment of £4,500 – a fairly substantial amount. While I appreciate Mr S thought L seemed professional, I understand he didn't complete independent research into them before proceeding. That alone doesn't necessarily mean I consider there should be a deduction. But I'm also conscious the correspondence Mr S has provided between him and the scammer shows they sent him a "risk free financial plan". This claimed that if he invested \$10,000, it would be worth \$14,185 in six months' time.

I think Mr S should have recognised that the offer of risk-free trading in relation to volatile financial markets, providing a high return over a short period of time, was simply too good to be true. I think Mr S should therefore have taken further steps to assess L's legitimacy.

If Mr S had looked into L further, it appears he may have come across information raising concerns about L. For example, there were several reviews for L on a well-known review website branding it a scam pre-dating Mr S's payments. I think that suggests Mr S missed an opportunity to identify that L were a scam.

I'm also conscious that, in his submissions, Mr S has explained payment 3 was a withdrawal fee. He also explained that he understood his investment had made a return of 60% on his investment (of £4,500). That means the £10,000 he paid was higher than the amount he was trying to access.

When questioned on why he paid more than the investment was worth, Mr S has clarified that he thought he would get the fee amount back. I've not seen any correspondence to confirm this – or to provide better insight to why Mr S thought he would need to pay this amount (in addition to further payments in the region of £50,000) only for it to be returned.

Regardless, given what I have said above about why I think Mr S ought to have had concerns about L's legitimacy, I think he ought to have considered the request for a fee exceeding the value of his investment unusual. I think he should therefore have taken further steps before proceeding. And as explained above, I think it's likely these steps would have led Mr S to discover L were a scam.

Taking this into account, I think Revolut can fairly reduce the amount it pays Mr S because of his role in what happened. Weighting the fault I've found on both sides, I think a fair deduction is 50%.

I don't agree the deduction should be higher than this, as Revolut appears to have suggested, on the basis Mr S was *grossly* negligent.

As Revolut has pointed out, no reimbursement schemes apply here, so their provisions aren't relevant. Regardless, even where they do apply, scam victims can still bring complaints where they believe the conduct of a firm has caused their loss.

I've already explained the basis on which I think Revolut should fairly and reasonably reimburse some of Mr S's loss. I'm not considering whether Mr S acted with gross negligence, but rather, taking into account what the law says about contributory negligence, as well as what's fair and reasonable, whether there should be a deduction from the amount due to Mr S.

In considering this point, I've taken into account Mr S's means and sophistication and the fact that the matter at hand comes within Revolut's, as an FCA-authorised EMI, expertise. While I recognise Mr S missed some warning signs, I'm also conscious (as mentioned above) that there were some sophisticated aspects to this scam. Mr S also wasn't an experienced investor and hadn't dealt with cryptocurrency before.

For the reasons I've explained, I'm persuaded Revolut also missed an opportunity to uncover the scam. It should have been on notice that the payments presented a fraud risk, and it's likely that it would have been able to prevent Mr S's loss from payment 3 if it had acted on this. In the circumstances, I consider it fair for the loss to be split equally between Revolut and Mr S for those payments I think Revolut could have prevented.

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

I've considered whether Revolut could have recovered Mr S's loss when he reported the scam. It says it couldn't have done so, as the payments were likely P2P cryptocurrency sales – meaning the recipients weren't scammers, but genuine sellers who then credited Mr S's cryptocurrency wallets with cryptocurrency at the agreed price.

While the information I have about how the funds were moved on to the scam is incomplete, based on what I know, I agree it seems likely these were P2P cryptocurrency sales. That fits with what Mr S has told us about being directed to set up wallets by the scammers – a common tactic in scams like this. It's common that victims are tricked into exchanging funds into cryptocurrency – and then sending this cryptocurrency on to the scammer. This payment method makes the prospects of recovering the scam loss very remote.

I therefore don't think Revolut holds further responsibility for Mr S's outstanding losses. It's unlikely it could have recovered these amounts.

Putting things right

Revolut Ltd must refund 50% of the transactions from (and including) payment 3 onwards. Because Mr S has been deprived of this money, I consider it fair that Revolut pays 8% simple interest on this amount, running from the dates of payment to the date of settlement.

If Revolut Ltd considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr S how much it's taken off. It should also give Mr S a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons given above, my final decision is that I uphold this complaint and direct Revolut Ltd to put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 4 April 2025.

Rachel Loughlin

Ombudsman