

The complaint

Mrs K complains that Revolut Ltd (Revolut) is refusing to refund her the amount she lost as the result of a scam.

Mrs K is being represented by a third party. To keep things simple, I will refer to Mrs K throughout my decision.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mrs K has told us that she received a message via social media from an individual who asked if she was interested in investing. As Mrs K had an interest in investing and had seen previous success stories via social media, she provided her details to receive more information.

Mrs K then received a message via a well-known messaging application. The individual claimed to be from a company I will call X and explained the investment process to her in detail stating that she would be allocated a financial adviser who would place trades for her. Mrs K had several conversations with this individual and having built trust with them Mrs K agreed to invest.

Mrs K then received a message from another representative of X who explained he would be her adviser. He directed Mrs K to X's website which appeared legitimate and asked her to download screensharing software so he could teach her to trade.

Mrs K started with a small amount and could see she was making a profit. Encouraged by X Mrs K made further payments and could see that she continued to make a profit.

However, when Mrs K attempted to make a withdrawal from the investment, she was told she would have to pay fees due to the large account balance. Mrs K says this seemed plausible at the time but even after paying the fees she was still unable to make a withdrawal.

Mrs K continued to contact X to request a withdrawal, but she was unsuccessful and eventually X stopped responding to her.

What I can and can't look into in relation to this complaint

Our service can't consider all complaints that are referred to us. The rules under which we operate are set out in the Financial Conduct Authority's Handbook and are collectively known as the DISP rules. We can only consider complaints that fall within our jurisdiction, in line with these rules.

Particularly relevant to Mrs K's complaint is DISP 2.2 which states:

"DISP 2.2: Which complaints can be dealt with under the Financial Ombudsman Service?"

2.2.1 The scope of the Financial Ombudsman Service's two jurisdictions depends on:

(1) the type of activity to which the complaint relates...”

Those activities are then listed in DISP 2.3 (although I will not list all of them here). We can only consider complaints that relate to an act or omission by a financial business in carrying out one or more of the activities listed in DISP 2.3.

Cryptocurrency isn't electronic money or fiat currency according to the Financial Conduct Authority. Instead, it classifies cryptocurrency, and similar cryptocurrency-assets, as 'exchange tokens'. The operation of cryptocurrency services isn't currently regulated by the financial regulator in the UK.

There are no activities listed in DISP 2.3 which would cover the activity this part of Mrs K's complaint relates to – namely, withdrawing the cryptocurrency and sending it on to the scammer. And so, I don't think her complaint in relation to the cryptocurrency payments relates to an activity covered by us.

I am mindful that Mrs K deposited fiat currency to her Revolut account and then exchanged this into the cryptocurrency which was withdrawn and ultimately lost to the scam. But the sending of the cryptocurrency was provided separately from the provision of Mrs K's main e-money account. In the circumstances, I don't consider Revolut's provision of sending cryptocurrency services to be sufficiently closely linked to its provision of payment services to Mrs K (through the provision of her e-money account) that it should be deemed ancillary to this. So, I'm satisfied that this service is unable to investigate the withdrawal of cryptocurrency here.

What I can look at, is whether Revolut should have intervened when the deposits into Mrs K's account were made and when the funds were converted into crypto. I can also look at payments Mrs K made directly to a cryptocurrency exchange.

Mrs K made the following payments in relation to the scam which include payments to buy cryptocurrency from an exchange directly and exchanges internally for cryptocurrency that was later forwarded to the scammer.

Payment	Date	Payee	Payment Method	Amount
1	16 June 2023	Peer to Peer 1	Transfer	\$100
2	21 June 2023	Peer to Peer 2	Transfer	\$3,000
3	21 June 2023	Peer to Peer 3	Transfer	\$1,900
4	28 June 2023	Peer to Peer 4	Credit	\$494cr
5	27 July 2023	Exchanged to BTC		\$5,150
6	3 August 2023	Exchanged to BTC		\$4,690
7	9 August 2023	Binance	Debit card	£3,900
8	10 August 2023	Binanceltgbpecom	Debit card	£1,825
9	10 August 2023	Binanceltgbpecom	Debit card	£80
10	16 August 2023	Exchanged to BTC		£2,100

Our Investigator considered Mrs K's complaint and didn't think it should be upheld. Mrs K didn't agree, so this complaint has 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.

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It has not been disputed that Mrs K has fallen victim to a cruel scam. The evidence provided by both Mrs K and Revolut sets out what happened. What is in dispute is whether Revolut should refund the money Mrs K lost due to the scam.

Recovering the payments Mrs K made

All the payments Mrs K made from her Revolut account were made in exchange for Cryptocurrency that was later transferred as part of the scam. As there is no dispute that the cryptocurrency Mrs K intended to purchase wasn't provided to her before it took further steps to move the cryptocurrency to the scammer there would be no reasonable options available to Revolut to recover the payments that Mrs K made.

Should Revolut have reasonably prevented the payments Mrs K made?

It has been accepted that Mr K authorised the payments that were made from her account with Revolut, albeit on X's instruction. So, the starting point here is that Mrs K is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether Revolut should have been aware of the scam and intervened when Mrs K made the payments. And if it had intervened, would it have been able to prevent the scam taking place. I will look at each type of payment in turn.

Deposits

In general, I wouldn't expect Revolut to have concerns about deposits being made into a customer's account and interventions to take place Unless they had money-laundering concerns which it didn't have in on this occasion. So, I don't think it was unreasonable that Revolut didn't intervene when payments were made into Mrs K's account.

Exchanges to cryptocurrency within the Revolut platform and payments made directly to external cryptocurrency providers.

The first payments Mrs K made in relation to the scam were not of such a high value that I would have expected Revolut to have cause for concern that Mrs K was at risk of financial harm. However, the payments were being made to new payees and Mrs K was required to view the payments before they were processed. Mrs K was provided with the following warning:

"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 will never as you to make a payment."

Revolut also intervened when two payments were attempted from Mrs K's account on 21 June 2023. Mrs K was provided with several screens before she could proceed with the payment. The first screens warned Mrs K of how prevalent scams had become and that it was important for Mrs K to take care and carry out her own research before making a payment. They also warned that fraudsters could make their calls, emails and advertisements seem legitimate.

Following this Mrs K was asked to select a purpose for her payment from a list that was

provided. Mrs K selected the purpose "Payment for goods and services" and has argued that this could also cover investment. But there were other options available such as "Investment" and "Crypto Currency" which more accurately reflected the actual purpose of the payment Mrs K was making.

Although Mrs K understandably then received warnings based on the payment purpose, she had selected I think some of these should have been red flags to Mrs K.

The next screen warned Mrs K, it stated:

"Stop! This transaction has been flagged as suspicious. Take a few minutes to consider the situation before parting with your money."

The following screen stated:

"Don't ignore warnings Scammers pressure and persuade you to ignore our warnings. If you are being told to ignore our warnings such as this, this is a scam".

I also acknowledge that Mrs K was provided with other generic warnings when she withdrew cryptocurrency directly to the scammer's wallet. And had to confirm it was her making the card payments to Binance via 3DS secure.

With the above in mind, I think Revolut should have intervened further when Mrs K made the payments she has disputed. I think proportionate interventions would have been for Revolut to have provided an automated warning covering the risks of cryptocurrency investment scams when Mrs K made payment 5. This payment was significant in value and clearly being exchanged into a cryptocurrency.

When Mrs K made payments 6 and 7, they were clearly being made in relation to cryptocurrency again and for high values. I would have again expected Revolut to have intervened to gather further information on the purpose of the payments and to have provided automated warnings based on the information it gathered.

While I can see Revolut didn't provide the interventions I think it should have, and that were proportionate to the risk associated with the payments, I don't think it would have made a difference if it had. I will explain why.

Mrs K has clearly given incorrect payment purposes when making the payments she has disputed, and despite Mrs K being warned that she should have carry out research before making her payments, and that if she was being told to ignore warns that she was being scammed. She continued with the payments anyway.

Mrs K has confirmed that the reason she gave false information when making the payments was because she was following the advice of the scammers who were pushing her to give false information, she was told that if she didn't the payments would be blocked, and she would not be able to make the investments and earn the money.

Mrs K also told us that she made all the transfers in relation to the scam under the scammers advice as she didn't know how to do it alone.

With the above in mind, it's clear Mrs K was under the spell of the scammer and willing to follow the scammer's guidance being dishonest when asked direct questions about the payments she has disputed. I think it's most likely that Mrs K would have taken the scammer's advice as she has told us she did throughout the scam, even if Revolut was to have intervened further at any point in the scam and provided false information to Revolut to

have the payments processed. Giving false information to Revolut would have made it extremely difficult for Revolut to uncover the scam.

So, I don't think Revolut missed an opportunity to prevent the scam and it is not responsible for Mrs K's loss.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 24 April 2025.

Terry Woodham
Ombudsman