

The complaint

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

Mr V 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 V saw an advert for an online investment company, which I'll refer to as 'J', on a social media platform. Impressed by the advert and J's website, Mr V completed the online enquiry form. He was then contacted by J and they explained the trading process. Under the belief J was a legitimate firm, Mr V decided to invest. To do this, Mr V set up a trading account with J and wallets with legitimate crypto providers. He then purchased crypto from the legitimate providers before forwarding it on J's trading platform.

Mr V attempted four payments to a legitimate crypto provider on 8 and 11 March 2024. These payments were returned by the merchant. Mr V then made the following payments to another crypto provider:

Transaction date	Type of transaction	Amount
14 March 2024	Fund transfer	£10
14 March 2024	Fund transfer	£490
15 March 2024	Fund transfer	£100
18 March 2024	Fund transfer	£400
26 March 2024	Fund transfer	£1,500
6 May 2024	Fund transfer	£10,340
8 May 2024	Fund transfer	£2,500
8 May 2024	Fund transfer	£2,500
9 May 2024	Fund transfer	£2,500
9 May 2024	Fund transfer	£2,500
	Total:	£22,840

Mr V realised he'd been scammed when he found his trading account had been frozen. And he was advised that he had to pay 20% to the Financial Conduct Authority (FCA) to access his funds. He refused to do so.

C complained, on Mr V's behalf, to Revolut on 19 June 2024. They said Revolut didn't do enough to protect Mr V 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 V's loss avoided. To

settle the complaint, they said Revolut should fully refund Mr V, pay 8% interest and £300 compensation.

Revolut didn't uphold the complaint. In short, they said:

- They launched a request to freeze and retrieve the funds from the fraudulent beneficiary's account. This process is bound by the cooperation from the beneficiary bank and the recovery of funds isn't guaranteed. The recovery of funds was still ongoing, but they would inform Mr V in the case of a positive outcome.
- They detected the payment was being made to a new beneficiary and displayed the following message:

"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".

As Mr V acknowledged this warning, he was free to continue with the transfers. This happened on two occasions.

- Their systems detected the payment to the newly added beneficiary was suspicious and they put the transfer on hold. They showed Mr V a message about the purpose of the payment, followed by educational screens regarding the type of potential scam. Following these warnings, Mr V was free to continue with the transaction.
- The transactions occurred throughout several months, which normalised the activity.
- In addition to system-based fraud protection, they also inform customers about scams and prevention tips through email and blogs – and provide updates on their fraud and scam hub.
- They weren't at fault for processing the transfers that Mr V authorised in the form and procedure agreed in the terms and conditions for giving consent to execute payments from his account.
- They're not liable for these transactions, they treated Mr V fairly and they fulfilled their duty to protect him.

Mr V referred his complaint to the Financial Ombudsman. Our Investigator thought it should be upheld in part. She noted that Revolut undertook additional checks before processing the £10,340 payment – which consisted of asking Mr V automated questions and providing a tailored written warning. But she thought Revolut ought to have done more considering the payment was of a high value and going to a known crypto provider. And so, our Investigator considered Revolut should've contacted Mr V to question the payment to understand the surrounding circumstances of it. Had this happened, she thought Mr V would've likely been honest in his answers – thereby prompting Revolut to be concerned, given Mr V was communicating with a broker on an instant messaging app that was encouraging him to invest by sending funds to another crypto wallet. Because of this, Revolut should've given Mr V a clear scam warning that would've likely prevented his loss.

Our Investigator thought Mr V should take some responsibility for his loss too. So, she recommended Revolut refund 50% of Mr V's loss from the £10,340 payment onwards and pay 8% simple interest.

C confirmed Mr V's acceptance.

Revolut didn't agree with our Investigator and asked for the matter to be referred to an Ombudsman. In short, Revolut added:

- This was a 'self-to-self' scenario in which Mr V owned and controlled the beneficiary account to which the payments were sent. Hence, the fraudulent activity didn't occur

on Mr V's Revolut account – as the payments were made to legitimate crypto providers before being sent to the scam platform.

- Payments to a customer's own account don't meet the definition of an Authorised Push Payment (APP) scam. They shouldn't be responsible for their customer's loss where they're only an intermediate link in a chain of transactions.
- The payments being made were not out of character nor unexpected with the typical way in which an Electronic Money Institute (EMI) account is used.
- The role of other financial businesses (including any interventions or warnings they might have provided) needs to be considered.
- The Financial Ombudsman should inform the complainant that it might be appropriate to make a complaint against another respondent.
- The recent reliance by this service on R (on the application of Portal Financial Services LLP) v FOS [2022] EWHC 710 (Admin) is misconceived and amounts to a legal error.

As no agreement could be reached, Mr V's 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.

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 V was at risk of financial harm from fraud?

It isn't in dispute that Mr V has fallen victim to a cruel scam here, nor that he authorised the payments from his Revolut account (to purchase crypto that was subsequently transferred to the scammer). But whilst I have set out the circumstances which led Mr V to make the payments using his Revolut account and the process by which that money ultimately fell into the hands of the scammer, I am mindful that, at that time, Revolut had much less information available to them upon which to discern whether any of the payments presented an increased risk that Mr V might be the victim of a scam.

Mr V's transactions were made to well-known crypto provider. And by the time of these payments, firms like Revolut had been aware of the risk of multi-stage scams involving crypto for some time. Scams involving crypto have increased over time. The Financial Conduct Authority and Action Fraud published warnings about crypto scams in mid-2018 and figures published by the latter show that losses suffered to crypto scams have continued to increase since. They reached record levels in 2022. During that time, crypto was typically allowed to be purchased through many high street banks with few restrictions.

By the end of 2022, however, many of the high street banks had taken steps to either limit their customer's ability to purchase crypto using their bank accounts or increase friction in relation to crypto related payments, owing to the elevated risk associated with such transactions. And so, when these payments took place, further restrictions were in place. This left a smaller number of payment service providers, including Revolut, that allowed customers to use their accounts to purchase crypto with few restrictions. These restrictions – and the reasons for them – would have been well known across the industry.

I recognise that, as a result of the actions of other Payment Service Providers, many customers who wish to purchase crypto for legitimate purposes will be more likely to use the services of an EMI, such as Revolut. And I'm also mindful that a significant majority of crypto purchases made using a Revolut account will be legitimate and not related to any kind of fraud (as Revolut has told the Financial Ombudsman). However, we've also seen numerous examples of consumers being directed by fraudsters to use Revolut accounts in order to facilitate the movement of the victim's money from their high street bank account to a crypto provider, a fact that Revolut is aware of.

So, taking into account all of the above, I am satisfied that by the end of 2022, prior to the payments Mr V made, Revolut ought fairly and reasonably to have recognised that their customers could be at an increased risk of fraud when using their services to purchase crypto, notwithstanding that the payment would often be made to a crypto wallet in the consumer's own name.

To be clear, I'm not suggesting that, as a general principle, Revolut should have more concern about payments being made to a customer's own account than those which are being made to third party payees. As I've set out in some detail above, it is the specific risk associated with crypto that, in some circumstances, should have caused Revolut to consider

transactions to crypto providers as carrying an increased risk of fraud and the associated harm.

In those circumstances, as a matter of what I consider to have been fair and reasonable, good practice and to comply with regulatory requirements, Revolut should have had appropriate systems for making checks and delivering warnings before they processed such payments. And Revolut was also required by the terms of their contract to refuse or delay payments where regulatory requirements meant they needed to carry out further checks.

Taking all of the above into account, and in light of the increase in multi-stage fraud, particularly involving crypto, I don't think the fact the payments in this case were going to an account held in Mr V's own name should have led Revolut to believe there wasn't a risk of fraud.

So, I've gone on to consider, taking into account what Revolut knew about the payments, at what point, if any, they ought to have identified that Mr V might be at a heightened risk of fraud that merited their intervention.

The first five successful payments were of a low value – ranging between £10 and £1,500 – and spread across nearly a two-week period. Because of this, I don't think there would've been enough reason for Revolut to suspect that they might have been made in relation to a scam.

The £10,340 payment was however for an increased amount, and much higher than Mr V typically spent on his account - as he mostly used it for low value day-to-day transactions. And so, while I appreciate Revolut needs to take an appropriate line between protecting against fraud and not unduly hindering legitimate transactions, I think this increase in value and change in account usage ought to have been concerning to Revolut. And given what Revolut knew about the destination of the payment, I think the circumstances should have led Revolut to consider that Mr V was at a heightened risk of financial harm from fraud. In line with good industry practice and regulatory requirements, I am satisfied that it is fair and reasonable to conclude that Revolut should have warned Mr V before the payment went ahead.

To be clear, I do not suggest that Revolut should provide a warning for every payment made to crypto. Instead, as I've explained, I think it was the combination of the value of the payment, it going to a crypto provider, and that it was out of character for Mr V which ought to have prompted a warning.

What did Revolut do to warn Mr V?

Revolut has shown that, when Mr V made the first payment to the crypto provider, they provided 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”.

Before processing the £10,340 payment, Revolut put the transaction on hold and asked Mr V to confirm the purpose of it followed by answering various automated questions. Before doing so, Revolut informed Mr V:

“Please answer truthfully - If you’re being scammed, the fraudster may ask you to hide the real reason for this payment”

Mr V confirmed that he understood he may not get his money back if he didn’t. And he went on to provide the following information in response to Revolut’s questions:

- He wasn’t being assisted with the questionnaire
- He was transferring funds to his other account, which was ‘an investment, trading or pension account’, and it was for ‘gains for cryptocurrency’
- He hadn’t been asked to install any software
- He had invested in crypto before
- He had checked the firm is on the FCA register
- He was transferring funds to an account he could control.

Revolut also asked:

*“How did you discover this opportunity?
Scammers use social media to entice victims by advertising fake investments. Well known celebrities or influencers may promote it to look legitimate”*

Mr V responded with ‘None of the above’.

Revolut then provided Mr V with various scam warnings:

- **This could be a crypto scam**
STOP. Crypto scams promise high returns in short periods of time, and might even have professional-looking online platforms
- **Beware of social media promotions**
Fraudsters use social media to promote fake investment opportunities. Read online reviews to make sure it’s legitimate
- **Don’t give anyone remote access**
Scammers may ask you to install software to view your screen. Uninstall software that gives someone else control
- **Do your crypto research**
Most crypto exchanges aren’t regulated. Search for mentions of scams in online reviews
- **Don’t be rushed**
Take your time and speak with family and friends before making large investments. Say no if you’re being pressured to invest.

While these educational screens explain what a crypto investment scam could look like, set out some of their features and what Mr V could do to protect himself, I don’t they were proportionate to the risk the £10,340 payment presented. As explained above, I think the

payment 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?

I think a proportionate response to that risk would've been for Revolut to have attempted to establish the circumstances surrounding the payment before allowing it to debit Mr V's account. I think they should have done this by, for example, directing Mr V to their in-app chat to discuss the payments further.

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

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

I haven't seen anything to show Mr V was told (or that he agreed) to deliberately mislead Revolut about the payments if questioned. And Mr V has confirmed a 'cover story' wasn't provided to him. I am however aware that Mr V did respond "*none of the above*" to Revolut's question about how he discovered the opportunity (which referenced social media and well-known celebrities and influencers being used to promote it). Mr V has said he doesn't recall selecting this option or that he thought anything of the question. Given Mr V seemingly answered the rest of Revolut's questions accurately, this seems plausible to me. I'm also mindful that, in Mr V's case, there's been no reference of J's advert being endorsed by a celebrity or influencer. So, it's possible Mr V didn't think it applied to his situation.

Mr V's other banking providers, in which the funds originated, have also confirmed that they didn't contact him or provide any warnings. Because of this, I'm not persuaded Mr V intentionally misled Revolut or withheld information.

I therefore think, had Revolut questioned Mr V about the surrounding circumstances of the payment, he would've been open and honest. And so, I think, upon appropriate questioning, Mr V would've explained that he was dealing with an investment broker over an instant messaging application whereby he was being directed to purchase crypto and forward it to their trading platform. And that, while not endorsed by a celebrity or influencer, he had indeed come across the opportunity via a social media advert.

These common features of crypto scams ought to have been identified by Revolut, thereby prompting them to give Mr V a very clear scam warning and advised him against making payments to J.

I've thought about whether Mr V would've been receptive to such advice. When doing so, I've considered that some warnings provided to Mr V were relevant to his situation. But while I think these warnings highlighted the *potential* risk of crypto scams, I don't think it necessarily gave Mr V the knowledge that he was very likely falling victim to such a scam. And some of it, for example, the use of remote access software, wasn't applicable to him. So, I'm not persuaded Mr V acted in such a way that demonstrates he would've proceeded to make the payment (or those that followed) regardless of any intervention undertaken by Revolut.

I'd also note that I think a human intervention, whereby a clear warning was provided, would've likely been more impactful – with it being specifically tailored to Mr V's situation and highlighting the similarities between his circumstances and the common features of scams. Particularly the risk of a third-party being involved that is providing instructions to transfer crypto, purchased from a well-known crypto provider; to another platform to invest. This is a clear 'red flag' that Revolut ought to have brought to Mr V's attention.

All things considered; I see no reason to think Mr V would've ignored a warning of the type I've described. So, on balance, I think it would've stopped Mr V going ahead with the payment (and those that followed).

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

I have taken into account that Mr V 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 V was at risk of financial harm from fraud, made further enquiries about the £10,340 payment and ultimately prevented Mr V's loss from that point. I think Revolut can fairly be held responsible for Mr V's loss in such circumstances.

While I have considered all the facts of the case, including the role of other financial institutions involved, Mr V 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 V's compensation because he's only complained about one firm, as I consider that Revolut should have prevented the loss.

Revolut has addressed an Administrative Court judgment, which was referred to in a decision on a separate complaint. As I have not referred to or relied on that judgment in reaching my conclusion in relation to the losses for which I consider it fair and reasonable to hold Revolut responsible, I do not intend to comment on it. I note that Revolut says that they have not asked me to analyse how damages would be apportioned in a hypothetical civil action but, rather, it is asking me to consider all of the facts of the case before me when considering what is fair and reasonable, including the role of all the other financial institutions involved.

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 £10,340 payment. And if they had, they would've become aware Mr V was likely falling victim to an investment scam and given him an appropriate warning. If they'd done so, I consider Mr V's loss would've been prevented.

Should Mr V bear any responsibility for his loss?

I've thought about whether Mr V 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 V'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 – such as J’s website and trading platform that appeared genuine to Mr V, him being added to a group chat with other investors and the professionalism of the account manager he dealt with. So, given Mr V’s inexperience with crypto, it’s understandable why he might have considered J to be a legitimate firm.

I must however also take into consideration that:

- There was information available online, prior to Mr V making the payments, that indicated that fraudsters were pretending to be J, an authorised firm – which is known as a ‘clone firm’. This included the FCA published a warning in July 2021 warning that people shouldn’t deal with this clone firm. Given the amount Mr V invested, it would’ve been reasonable for him to have carried out some research on J before proceeding to invest. If he had done so, I think he would’ve come across this warning.
- Mr V didn’t receive any paperwork or contract from J before deciding to invest. While I appreciate he was inexperienced with crypto, it would’ve been reasonable for Mr V to have expected some form of agreement before investing significant sums.
- The rates of return promised by J ought to have been seen as ‘too good to be true’. For example, one occasion he was told he could expect to “*achieve a rate of return of at least 300%*”. Given the unrealistic returns promised, I think Mr V ought to have had reason to question whether the opportunity was genuine.

From this, I think it would’ve been reasonable for Mr V 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 V 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 and 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 V because of his role in what happened from the point of the £10,340 payment onwards. Weighing the fault that I’ve found on both sides, I think a fair deduction is 50%.

Could Revolut have done anything to recover Mr V’s money?

The payments were made to purchase crypto in an account in Mr V’s own name that was then sent to the fraudsters. So, Revolut would not have been able to recover those funds as it had already left his account.

Putting things right

I think it is fair that Revolut refund 50% of Mr V’s loss from £10,340 payment onwards – totalling £10,170. Revolut should also add 8% simple interest to the payments to compensate Mr V 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 V:

- £10,170.
- 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 V to accept or reject my decision before 21 August 2025.

Daniel O'Dell
Ombudsman