

The complaint

Mrs K has complained that Revolut Ltd won't refund money she has lost to a scam.

What happened

The details of the complaint are well known to both parties, so I will not repeat them again here. Instead, I will focus on giving the reasons for my decision.

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 agree with the investigator's findings for broadly the same reasons, I will explain why. But before I do so, I want to highlight that I am considering the actions of Revolut in its capacity as a regulated EMI, and whether it ought to have done more to protect Mrs K against the alleged scam whilst carrying out the payment service activities which are in jurisdiction.

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 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. 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;
- 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 Mrs K was at risk of financial harm from fraud?

Mrs K opened her Revolut account on 10 December 2019, I have seen evidence to show that at the time of opening, Revolut asked Mrs K the purpose of the account and Mrs K selected the option 'transfers'. Mrs K says that between 10 April and 16 April 2024 she deposited £25,002.35 to the scammer. Having looked at Mrs K's statements, I am satisfied ~~the~~ that prior to the transactions in question, Mrs K hadn't previously completed cryptocurrency exchanges. With that in mind I am satisfied that the first exchange of £10,000 to cryptocurrency which was completed on 10 April 2024, ought to have flagged as suspicious on Revolut's fraud detection systems.

I say this because having considered the size of the payments, where they were going to and what Revolut would've reasonably known of them at the time, and comparing Mrs K's usual account activity, in my view, there was enough about the characteristics of this transaction that ought to have been concerning such that Revolut should have intervened.

What did Revolut do to warn Mrs K?

Revolut has said it didn't intervene on the exchange of £10,000 which took place on 10 April 2024 because the exchange is considered internal transfers, where Mrs K is moving funds from her wallet to another one in a different currency. It said these transactions don't constitute a monetary loss, as the funds remained under Mrs K's control. However, I am aware that Revolut did intervene later that day on a cryptocurrency withdrawal.

What kind of warning should Revolut have provided?

The FCA's Consumer Duty, which was in force at the time these payments were made, requires firms to act to deliver good outcomes for consumers including acting to avoid foreseeable harm. In practice this includes maintaining adequate systems to detect and prevent scams and to design, test, tailor and monitor the effectiveness of scam warning messages presented to customers. As such, firms, have developed warnings to recognise both the importance of identifying the specific scam risk in a payment journey and of ensuring that consumers interact with the warning.

In light of the above, by April 2024, when these exchanges took place, Revolut should have had systems in place to identify, as far as possible, the actual scam that might be taking place, for example by asking a series of automated questions designed to narrow down the type of scam risk associated with the payment she was making and to have provided a scam warning tailored to the likely scam Mrs K was at risk from. I accept that any such system relies on the accuracy of any information provided by the customer and cannot reasonably cover off every circumstance.

However, even if Revolut had asked a series of automated questions, as I have highlighted above (which I deem to have been a proportionate intervention at that time), I am satisfied it wouldn't have prevented the loss from occurring. I say this because, when Revolut later intervened on the cryptocurrency withdrawal (mentioned above), it asked Mrs K what was the purpose of the transfer and Mrs K selected "*something else*". However, I note at that stage, there was an option for Mrs K to select as part of an investment'. Mrs K was under the impression that she was investing, as such she didn't provide Revolut with an accurate response. Mrs K's representative, as part of its submissions has stated that Mrs K was:

“coached by the scammer to lie to bank staff in order to defeat your fraud defences. This is a common tactic employed by scammers...”

So, while Revolut didn't go on to ask open and probing questions (in-line with the warning I have highlighted above) when it intervened on the cryptocurrency withdrawal, this was due to Mrs K not providing Revolut with accurate information, denying it an opportunity to identify the risk posed to Mrs K.

As such, I am satisfied, that even if Revolut had intervened on the exchange of £10,000 on 10 April 2024, Mrs K wouldn't have provided accurate answers to the questions asked, similarly as outlined above. And by her representative's own admission, Mrs K was coached to lie to bank staff, as such, I am satisfied on balance, she wouldn't have provided accurate information, which would have denied Revolut the opportunity to intervene and identify Mrs K was falling victim to a scam.

So, while I don't dispute Revolut ought to have been concerned about the first exchange Mrs K made (and potentially subsequent exchanges), if it had intervened (either by better automated warning or a more interactive intervention), I am not persuaded it would have resulted in a different outcome for Mrs K for the reasons I have outlined above.

Recovery

I've also thought about whether Revolut could have done more to recover the funds once it became aware of the situation, as in some circumstances the money can be recovered. Given Mrs K had legitimately bought cryptocurrency before sending it on to wallets in control of the scammer, it's unlikely recovery from the cryptocurrency exchange would have been successful.

In summary, I know that Mrs K will be disappointed with this outcome. Not least because the matter has been ongoing for some time. I fully acknowledge that there's a considerable amount of money involved here. Despite my natural sympathy for the situation in which Mrs K finds herself, for the reasons given, it wouldn't be fair of me to hold Revolut responsible for her loss.

Compensation

The main cause for the upset was the scammer who persuaded Mrs K to part with her funds. I haven't found any errors with Revolut's investigation, so I don't think she is entitled to any compensation.

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 Mrs K to accept or reject my decision before 24 September 2025.

Jade Rowe
Ombudsman