

The complaint

Mr R complains that Revolut Ltd ('Revolut') won't refund the money he lost as the result of a scam.

What happened

In March 2023, Mr R saw an investment advertised online on two separate platforms. Mr R says a friend also recommended the investment. I'll refer to the company Mr R was investing with as T.

Mr R says he wasn't told a specific return he should expect on the investment as it was based on the stock market, but he was told the investment presented very little risk. Initially, Mr R made small investment payments from an account with a bank, who I'll refer to as Bank H.

Mr R says the scammer got him to download screen sharing software and he was told to open an account with Revolut. He was then persuaded to invest further and made the following payments from his Revolut account.

Date	Pmt no	Details of transactions	Amount
21.3.2023	1	Card payment to M – a cryptocurrency exchange	£1,000
24.3.2023	2	Card payment to M – a cryptocurrency exchange	£4,000
27.3.2023	3	Card payment to M – a cryptocurrency exchange	£1,000
5.4.2023	4	Card payment to M – a cryptocurrency exchange	£1,000
13.4.2023		<i>Credit to Mr R's account from C – an individual</i>	£2,500
20.4.2023	5	Card payment to M – a cryptocurrency exchange	£2,500

Mr R became aware it was a scam when he tried to make a withdrawal and was asked to make a tax payment of over £5,000.

Mr R reported the scam to Revolut, through a professional representative, in May 2023. Revolut declined to refund Mr R saying there were no chargeback rights as he authorised the transactions, and they can't be held liable for his loss.

Mr R wasn't happy with Revolut's response, so he brought a complaint to our service.

An investigator looked into Mr R's complaint and upheld it from payment two, recommending that Revolut refund 100% of payments two, three and four. The investigator felt Revolut should've provided human intervention when Mr R was making payment two, and if they had, the scam would've been uncovered. The investigator didn't feel there should be any deduction for contributory negligence.

Revolut disagreed with the investigator's opinion saying:

- These were self-to-self payments and Revolut was only an intermediary.
- The funds went to an account in Mr R's control, so the loss didn't happen on Mr R's

Revolut account.

- We should take into account any intervention or warnings provided by Bank H.
- We should exercise our power under DISP 3.5.2 to inform Mr R that it could be appropriate to make a complaint against another respondent if necessary.
- We've not considered the liability of other firms.
- It's irrational and illogical to hold Revolut liable when they are only an intermediary.

As the case couldn't be resolved informally, it was passed to me to review.

On reviewing the case I identified a further card payment to M made on 20 April 2023. We contacted Mr R who says this payment was made as part of the scam. This payment wasn't included in the investigator's view but will be considered as part of this decision.

Having reviewed the case, I reached a different answer than the investigator. So, I wanted to give both parties a chance to provide any additional evidence they wanted to be considered before a final decision is issued.

My provisional decision

In my provisional decision I said:

I'm really sorry that Mr R has lost such a significant amount of money as the result of a cruel scam, which has left him in a vulnerable financial position. But, having carefully reviewed the case, I've reached a different answer than the investigator. I'll explain why.

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.

However, Revolut should have been on the 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. And, 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.

Should Revolut have intervened?

I would've expected Revolut to have intervened on the second payment that Mr R made. This was a newly opened account and I realise that Revolut has to find a balance between identifying potentially concerning payments and taking appropriate action, while ensuring minimal disruption to legitimate payments. But the second payment was for £4,000 and it was identifiably related to a cryptocurrency purchase.

By January 2023, Revolut would've been aware of the increased frequency of cryptocurrency scams and the increased risk posed by payments that are obviously made in

relation to cryptocurrency. In response, I would've expected Revolut to provide an onscreen tailored warning that explained how cryptocurrency investment scams work and how a customer can protect themselves from falling victim to one.

Cryptocurrency investment scams were the most prevalent cryptocurrency scam at the time Mr R made the payment in March 2023, which is why I think the warning should've been tailored to this scenario.

The investigator felt that Revolut should've provided human intervention when Mr R made his second payment, but I'm not satisfied that this was warranted. I say this taking into account the size of the payment, it not being part of a quick succession pattern of payments and because this was a new account, so Revolut didn't have any previous account activity to compare the transaction to. So, I don't agree that human intervention was warranted when Mr R made the second payment.

I wouldn't have expected any further intervention by Revolut after the second payment, as the rest of the payments were largely in line with the existing payment pattern. So weren't so unusual or out of character that further intervention was required.

Would intervention by Revolut have prevented Mr R's loss?

Revolut should have provided an onscreen tailored written warning that focused on cryptocurrency investment scams. I'd expect this warning to highlight common themes for investment scams which would include finding investment opportunities on social media, investments being promoted by high profile people, unrealistic returns being promised, returns being guaranteed and consumers being asked to download screen sharing software.

In this case, Mr R says he wasn't promised a rate of return as the return would depend on the stock market. He also wasn't promised that his investment was guaranteed but was told there was very little risk associated with the investment. So, two of the main features of a cryptocurrency investment scam, weren't present in the information Mr R was given about his investment.

Also, while Mr R found his investment online, it wasn't found on a social media site and wasn't promoted by a high profile person or celebrity.

As most of the common features of a cryptocurrency investment scam (which should've been set out in the warning) weren't present in Mr R's situation, I'm not satisfied that I can safely say it's more likely than not an onscreen warning would've resonated with Mr R or prevented him from making his payments. So, I can't fairly say Revolut could've prevented his loss.

I appreciate that he was asked to download screen sharing software, but I'm not satisfied that this fact by itself would've been enough to have impacted on Mr R's decision in making any further payments.

Recovery of funds

As Mr R made the card payments to purchase cryptocurrency, Revolut couldn't have recovered Mr R's funds. In this case, he was purchasing cryptocurrency from M, which was more likely than not paid into an account in Mr R's name, before it was sent onto an account or wallet controlled by the scammer.

I'm also satisfied that Revolut acted fairly in not raising a chargeback for Mr R. Mr R authorised these card payments, albeit he did so not realising he was the victim of a scam.

And, the merchant (M), provided the service/goods paid for (cryptocurrency). So, a chargeback wouldn't be successful in these circumstances.

Recovery of funds and chargeback only looks at the beneficiary/merchant, in this case M, not the end destination of the funds.

I realise that Mr R is going to be extremely disappointed, but for the reasons given above, I'm not satisfied that I can fairly hold Revolut liable for his loss or ask them to refund him.

My provisional decision was that I didn't intend to uphold Mr R's complaint.

Responses to my provisional decision

Mr R responded saying he disagreed that an onscreen warning was appropriate. Mr R feels that Revolut should've provided human intervention and, had Revolut called him, it's likely the scam would've been uncovered and the loss prevented. Mr R referred to other cases where our service has recommended human intervention, rather than an onscreen warning.

Revolut didn't respond to my provisional decision.

Under the Dispute Resolution Rules (found in the Financial Conduct Authority's Handbook), DISP 3.5.13, says, if a respondent (in this case Revolut fails to comply with a time limit, the ombudsman may proceed with the consideration of the complaint.

As the deadline for responses to my provisional decision has expired, I'm going to proceed with issuing my final 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 considered the new information provided by Mr R, I haven't been persuaded to reach a different answer than I did in my provisional decision.

I appreciate that Mr R feels human intervention would've been more appropriate, but I don't agree.

In deciding what was the most appropriate intervention, I've taken into account that this was a new account, so Revolut didn't have any previous account activity to compare the transaction to. Also, that the payment was identifiably related to cryptocurrency, and the size of the payment. Weighing up all of these factors, I'm satisfied that an onscreen would've been the appropriate response.

Mr R has referred to other complaints our service has handled, where it was decided that human intervention was warranted. But each complaint is decided on its individual merits and the specific circumstances related to that complaint.

I'd like to reassure Mr R that I have carefully considered the points he's raised, but I'm still satisfied that an onscreen warning was the appropriate intervention. And, I'm not persuaded that an onscreen warning would've resonated with Mr R or prevented him from proceeding with the payments, as most of the warning signs associated with a cryptocurrency investment scam, weren't present in Mr R's circumstances.

Having considered the size and pattern of the other payments that Mr R made, I'm not satisfied that Revolut should've been concerned or intervened on any of the other payments he made.

Also, I'm satisfied that Revolut couldn't have recovered Mr R's funds as he purchased cryptocurrency, so the merchant (M) provided the goods/services paid for.

I'm really sorry to disappoint Mr R, but I'm not satisfied that I can fairly hold Revolut liable for his loss or ask them to refund him.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 25 April 2025.

Lisa Lowe
Ombudsman